The Credit World

Official Publication of the National Retail Credit Association
National in Name---International in Scope

OCTOBER, 1938 — Vol. XXVII, No. 1

Des Moines—Capital of Iowa

Also the home of the Retail Credit Association of Des Moines—one of our outstanding locals. Shown in the picture are (1) Younker Brothers department store, largest retail institution in the state; (2) the Polk County courthouse; (3) the Southern Surety Building, in which are located the offices of the credit bureau; and (4) the tallest building in the state, the home offices of the Equitable Life Insurance Company of Iowa.

GUARD YOUR CREDIT AS A SACRED TRUST

Founded In 1912

The CREDIT WORLD

(Registered U. S. Patent Office.)

Official Magazine of the NATIONAL RETAIL CREDIT ASSOCIATION

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A Message From the President

LEO M. KARPELES

Secretary-Treasurer, Burger-Phillips Company, Birmingham, Ala.

WHOSE Association Is This?

YOU, individually, might give any number of answers to the above question. You might say it belongs to the merchants. You might say it belongs to the managers of credit sales. *Do you say, "It is my Association"?*

The writer can well say, "This is my Association." Not by virtue of being its President for the current year, nor by virtue of having been an officer and director for many years, but truly I can say, *"This is my Association,"* because it is a part of me and I am a part of it!

Since entering the field of retail credit work it has been my pleasure, in belonging to the Association, to feel a certain amount of responsibility, sometimes from a selfish viewpoint but generally from the viewpoint of cooperation.

Twenty years ago the local association was staggering like an infant with only a handful of active members and still fewer who were willing to give of their time and efforts toward its promotion. A few years later the District Conference was formed and it, too, went through that formative period when many questioned its advantages or even its justification for life.

The National Retail Credit Association has proved its worth, especially during the recent depression. No economic factor in the country showed such a fine record as retail credit through the depression, out of which we believe we have now emerged. We should be very proud of this record and, feeling that each has individually contributed toward it, we most assuredly have the right to say, *"This is my Association!"*

THIS IS MY ASSOCIATION because I subscribe to the principles of cooperation and education on which it was founded; because I believe, through its operation, my profession has attained a higher standing and has far bigger possibilities; because as a guardian of my employer's funds I am a recipient of ideas and policies with which I can better operate my department; because it gives me contact with men more experienced than myself, whose experience can assist me materially in doing my job properly.

The District Conferences, the National Conventions, and the Group Meetings are to me a constant source of education and information, either confirming present methods now employed, or giving me the benefit of some better experience which can be substituted.

If you are true to yourself and to your employer you cannot fail to reap a harvest that costs you very little money, some of your time and very little effort.

When you have satisfied yourself that you are making use of the tools at hand you will not fail to say, *"This is my Association!"*

The Importance of *Properly Reading* A Credit Report

By EMIL C. JEDLICKA
Credit Manager, Shukert Fur Company, Kansas City, Mo.

IN THE August issue of The Credit World there appeared an article by Mr. E. E. Paddon, entitled, "The Importance of Obtaining a Complete Credit Report." This article is very interesting, and instructive, especially since the author gave a liberal tone to constructive credit granting. Although we are all naturally credit-report minded, and have relied upon these reports for years, I just wonder how many of the new, as well as the old credit granters have paid special attention to the *reading* of the reports, as affected by the changing conditions.

In the regular bygone days, the reading of a report helped to verify information as given by the applicant; what he made, how much he had, and how he paid; but to consider the present-day report, we may have to possibly forget for the time being the three "C's"—Character, Capital, and Capacity—and replace these by the symbols "E," "A," "D": "Earning Capacity"; "Ability to pay"; and "Desire to pay."

After verifying the name and address: First, what does the credit report show under "Earning Capacity"? How much does the applicant earn now? It is not entirely fair to base the opening of a charge account on this information, as we must also take into consideration what the applicant has earned in the past. If he earned more in the past, and used this income wisely, and if the present income is in keeping with the usual reductions in salaries and incomes, then there is every reason to believe that should opportunity present itself, the present income will be higher, and this entitles the applicant to consideration.

Second: "Ability to Pay." Does the report show that the applicant governs his present purchases by the new or old income? Has he adjusted himself to the present income, so as to be able to pay promptly? That is, if the report shows an income of \$150.00 per month, and all the present thirty-day payments—including rent, electric lights, phone and gas—amount to \$175.00, then there is no "Ability to Pay," and no more thirty-day accounts should be opened. Likewise the sixty-day account should be in keeping with the amount of the maturing thirty-day accounts.

Third, or last, is "Desire to Pay." If the report shows a thirty-day charge not paid on time—or a sixty-day charge let run past due—the monthly payment account not paid on time, the phone, gas, or lights cut off for non-payment, then the "Desire to Pay" is not there.

I consider this part of a report the most important "Reading of a Report." I would much rather overlook a slight variation in report of income, or amount of purchases, but when the "Desire to Pay" *promptly* is missing, then "NO CREDIT." There is nothing more difficult to handle than the debtor who does not pay on time, and says nothing.

Along this line, we should report to the bureau, and consider on the report any request to a firm for extension of time of payment. At times, this may be necessary and, under proper conditions, should be granted, but not more than two requests for extension of time of payment should be granted on any one purchase.

The desire to pay was the "cardinal" principle of early

(*Continued on page* 30.)

ASSOCIATED CREDIT BUREAUS OF AMERICA
INCORPORATED
AFFILIATED BUREAUS OF THE NATIONAL RETAIL CREDIT ASSOCIATION

REPORT ON: Roe (Surname first) Mr. (Mr. or Mrs.) John James (Given name) Mary (Wife's name)
RESIDENCE ADDRESS: 162 Pine Street (Street number) Utopia (City) Rose (County) Missouri (State)
REPORT FOR: Credit Men's Association, Excelsior, Illinois

Trade Line	How Long Selling	Date of Last Sale	Highest Credit	Terms of Sale	Amount Owing	Amount Past Due	Manner of Payment
Grocery	8 yrs.	2/ 6/38	\$80.00	Open	\$35.00	\$35.00	Makes regular monthly payments
Hardware	5 yrs.	8/28/37	253.00	Install.	55.00	none	\$20 mo. as agreed
Shoes	9 yrs.	3/ 2/38	22.50	Open	none	none	30 days prompt
Department Store	8 yrs.	4/ 3/38	115.00	Open	70.00	none	30 to 60 days
Electric Supply	2 yrs.	2/16/38	174.00	Install.	none	none	\$15 mo. as agreed
Drug	8 yrs.	3/30/38	25.00	Open	14.25	none	30 to 60 days
Physician	6 yrs.	Bill for services rendered 3/16/34 paid in 6 monthly payments \$50 each. Satisfactory.					
Bank		Satisfactory checking account since 1929. No loans. Savings account moderate proportion and increasing.					

IDENTITY	Number of years applicant has resided at address shown above and in city (See remarks for previous addresses).	Resided here continuously and at same address since February 1929
	Applicant's approximate age and racial extraction (if applicant is a minor verify and give exact age if possible).	Age 46; white, American
	Is applicant single, married, widowed or divorced? Number and identity of dependents (If separated, give particulars under Remarks).	Married, with wife and 4 children wholly dependent. Latter range in age from 4 to 11 yrs.
HISTORY	Name and address of present employer. (If applicant operates own business, so state and give details under Remarks).	Commercial Radio Co., 512 Main Street, Utopia
	How long has applicant been working for firm named above (or operated own business) and what is his position, occupation or trade?	8 yrs. as General Sales Manager.
	Name and address of previous employer, nature of employment, for how long? Give details.	Acme Rubber Company, Fairville, N.Y., salesman for 12 yrs. Left to accept similar position with present firm and has steadily progressed.
CHARACTER	How is applicant regarded as to character, habits and morals?	Excellent
	How is applicant regarded by employer?	Highly regarded and is in position of trust
	Is applicant alleged now to be, or alleged ever to have been, engaged in any illegal practice, or business?	No
RESOURCES	What is applicant's income from present employment? Give amount paid and when. Salary or Commission.	Salary \$500 per mo. 1st and 15th. Also annual bonus of 5% on sales, estimated \$1000 additional.
	Does applicant receive any income from other sources such as rentals, investments or earnings of others in household? Give amounts.	Income from stock investments approximately \$800 annually. See "Remarks"
	Does applicant own home, rent or board?	Owns home at above address.

REMARKS: Give a brief word picture of the subject's history, explaining any unusual condition. Conclude with a detailed account of suits, judgments, garnishments, bankruptcies, reports from other cities, etc.

Subject is also director and owns \$3,000 stock in Empire Specialty Company, dealers in electrical equipment. His house and lot are totally assessed for \$5700 on basis of 40% actual value. Good citizen and active in civic and business affairs. Report from previous place of residence, Fairville, N.Y., indicates prompt paying record and good moral integrity. No court or derogatory record

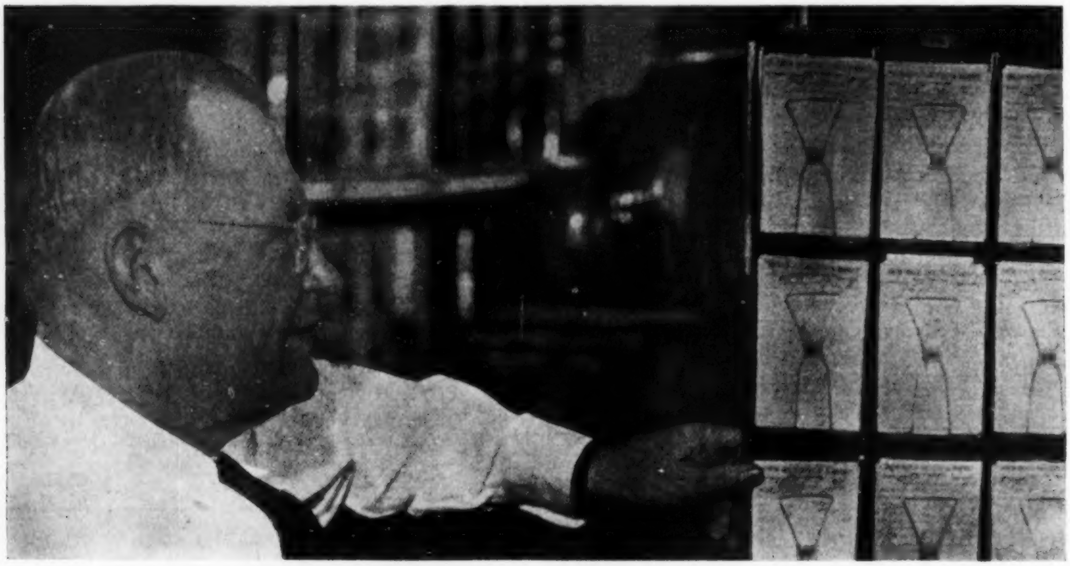
4/14/38 (Date inquiry received)

The Credit Bureau (Name of reporting bureau) Utopia (City) Missouri (State) 4/15/38 (Date report completed)

Standard Credit Report. Form 1 of the Associated Credit Bureaus of America, Inc.

This Grocer Tackled Costly Credit As a Problem for Community Action

[Reprinted, by Special Permission, from *Food*, Oakland, Calif., July, 1938]



Credit business amounts to from 70 to 80 per cent of the total volume of Carl C. Tams, who is shown above checking his accounts.

He Persuaded Fellow Merchants to Join Him in Adding Carrying Charges on Delinquent Bills and Has Cut Credit Costs and Losses to the Bone.

A GOOD many grocers who believe that their customers really want credit privileges nevertheless operate on a strictly cash basis, or else discourage credit business as much as possible, for just one reason—because extending credit costs them too much. Some credit merchants frequently consider switching to a cash operation for the same reason. It's certainly plain that the food man doing a service business cannot hold his trade against strong competition from cash stores unless he cuts his credit costs to the very bone.

What makes credit an expensive service? That's an easy one to answer—delinquent customers. They tie up capital and involve collection expense. And they include the occasional bad accounts which end in credit losses.

There's another question, a little harder to answer: "If we can't prevent delinquencies entirely, how can we encourage prompt payment and cover the costs of the delinquencies that remain?"

Carl C. Tams, proprietor of the Snow White Grocery, Greeley, Colorado, considered these questions thoughtfully and came to the conclusion that the answer lay in a carrying charge. Feeling that it would be an impossible job to put over such a plan single-handed, he worked cooperatively with his fellow merchants. Now, after two and a half years, experience seems to prove his idea a sound one.

Since November, 1935, when he introduced a carrying charge of ⅔ of 1 per cent per month, his collection percentage has gone up 10 per cent; he has not lost any customers he was sorry to lose; and carrying charge collections have more than balanced credit losses. This has been done with a credit-customer group of about 700 accounts in a store of eleven employees. In winter, Mr. Tams' credit volume is about 70 per cent of his total; in the summer, 80 per cent.

"Sure, I would like to charge interest, but I couldn't get away with it in my town!" That might be the typical reader's reaction. The story of how Snow White has gotten away with it in an average community may point the way.

Mr. Tams has done it by educating Greeley merchants to the importance of keeping credit costs down and by getting their cooperation in formulating a community credit policy, which has accustomed consumers to the idea of paying a carrying charge. After taking up the subject with Lawrence M. Thompson, secretary-manager of the Weld County Credit Association, Mr. Tams became chairman of an active merchants' committee which set up the foundation for a general credit policy. Finally, committee members, calling in twos and threes on individual merchants, sold the idea in all trades.

Retail Charge Accounts Are Divided Into Three Classes

The new policy divided retail charge accounts into three classes: (a) Monthly charge accounts; (b) Seasonal accounts of farmers and farm labor; (c) Deferred or install-

ment accounts. The following rules respecting the carrying charge were announced:

"Monthly charge accounts not paid on or before 30 days after the due date of such account shall be subject to a minimum carrying charge of ⅔ of 1 per cent per month, and in each such instance, such carrying charge shall be added to the amount due and will be included in all billings until paid.

"Example: Purchases for October, $30.00—due November 1, payable by November 10—first carrying charge billed December 1 statement, ⅔ of 1 per cent or 20 cents, if nothing has been paid on account.

"Seasonal accounts shall be subject to a minimum carrying charge of ⅔ of 1 per cent per month commencing the first of the month following the starting or opening of such accounts and accrued carrying charges shall be charged and added to such accounts and included in monthly or periodic billings.

"Carrying charges of less than 5 cents will not be billed."

To assure that the carrying charge policy is consistently kept before consumers, the Snow White Grocery and 39 other leading merchants joined in an advertising plan, publishing in local newspaper space periodical display advertisements designed to educate consumers in good paying habits. The cost is prorated to individual merchants.

To Follow the Plan Takes Courage, But It Is Worth While

Readers may reflect: "Well, if all other merchants are making the charge, it is easy for Snow White to get it."

But to set up a community credit policy is one thing, and to get observance is another. There are probably very few Greeley merchants who have strictly enforced the plan as Snow White does. Most of them simply have not had the nerve. Some put the charge on, but if a customer complains, weakly knock it off again. And some do not add it at all except in extreme delinquencies.

The foundation of a successful carrying charge plan has been established in Greeley. Customers are gradually being educated to expect a service charge. Some merchants are taking advantage of that foundation. Others aren't. Snow White is one of the former type.

Within three or four days of month-end, Mr. Tams personally computes the charges. His simple procedure is to write a charge-slip for each customer whose account is delinquent. It is a brief mental calculation to arrive at ⅔ of 1 per cent. For the customers showing delinquencies (perhaps 30 per cent), five hours or so a month are required for making the charges.

"There is no particular difficulty in making the plan stick," says Mr. Tams. "Most customers readily admit that it isn't fair to load the consumer who pays promptly with higher prices in order to take care of the cost of delinquencies. The customer who refuses to pay the charge is most likely to be a customer you won't miss anyway.

"The general effect of the plan is to convert a lot of erratic buyers into prompt pay. People are thrifty, and when they learn that taking their time to pay costs money, they get interested in paying at once. We notice, too, a far more even condition of collections than ever before.

"Under the old system, a very good month might be followed by a very poor collection month. Now, almost all are good. We can make our financial plans far more accurately than before.

"Some merchants oppose a carrying charge plan, feeling that it will encourage delinquency—that the customer will feel that he has a perfect right to take more time, since he is paying for it. In practice it doesn't work out that way. The whole tendency of the carrying charge is to speed up collections."

"Accommodation" Charges Are No Longer Annoyances

Another benefit comes with small "accommodation" charges. The customer who, unexpectedly, finds herself without her purse, asks to be "trusted" for a $2 or $3 purchase. Every service grocer knows how annoying the collection of such items often becomes. But not under a carrying charge plan. The effect of adding the small charge is to pull payment in at once.

This store does a large credit business with farmers and beet help. Significant, as showing the development of sound credit practice, is Mr. Tams' statement that practically all farm accounts are protected by chattel mortgages. The accounts of beet help are protected by assignments of wages, or orders from employing farmers.

The collection technique which Mr. Tams relies on very largely is based on personal contact. He goes out to see the delinquent, obtains a picture of the facts, proposes a fair and practical program and then sees that it is carried out.

Greeley merchants formed a committee to set up a sound credit policy and to "sell" it to the community. Members (left to right): D. B. Bier, Meadow Gold Dairy; Carl C. Tams, Snow White Grocery; Karl Farr, Implements; Albert Clough, Furniture; H. T. Ise, Hibbs Clothing Co.; L. P. McArthur, Weld Co. Garage; L. M. Thompson, Weld Co. Credit Association; Frank Weller, Lumber.

Merchandise Terms Should Be Shortened and Down Payments Increased

By W. L. JONES*

Collection Supervisor, Houston Lighting & Power Company, Houston, Texas

EVERY firm must have a credit policy if it intends to sell merchandise on the installment plan. This business is now growing not only in dollar volume but also in proportion to all retail sales. As a result, retailers have been tying up more money in receivables and tying it up for a longer period of time. The recent growth in every class of deferred payment selling is marked by the effort to reach lower and lower into the income scale.

The installment sales possibilities in this direction may be exaggerated. It is true that three out of every five families are in the income group getting less than $2000 per year but most of these families (whose most frequently reported income is $1300) apparently will not be able to buy heavily from retail merchants on deferred payment plan after paying for food, rent, transportation and similar expenses. Furthermore, these three-fifths of the families *all together get less than one-fourth of the total income.* The big market is still the two-fifths of the families receiving over $2000 per year, who have more than three-fourths of the national income.

In our anxiety to make sales and the consumers' intense desire for these almost irresistible, attractive, new devices offered on the market, stimulated by clever advertising and high-pressure salesmanship, we have developed a competition that goes to absurd length in the granting of consumer credit. One of the arguments for long terms is that we are doing our consumers a favor by extending easy credit because they are "thereby enabled to enjoy things which they could not otherwise have."

The truth is, if the consumer pays his bills he can in the long run enjoy as much on the credit plan as he can on the cash basis for the simple reason that on the cash basis he can buy more for his money. It is true that we may speed up the present sale of particular articles to particular customers, but we do not add one bit to their purchasing power, nor to their earning power; nor, over the years, do we add one bit to the amount of merchandise which they can enjoy or which we can sell. The point is that liberal consumer credit, credit which is made so attractive and appealing, adds to the complication of the problem of buying a living and to the tangle and worries in which the debt-ridden consumer finds himself when he has overestimated his future earning power.

Many have come to feel that the fundamental principle for soundness in granting installment credit is this: The family should not be involved in future obligations either for merchandise or for personal loans which cannot be paid out of 10 per cent of the monthly income. Most customers' desire to pay is extremely high at the time of purchase, but it naturally tends to decline over a long period of time. They are enthusiastic when the sale is made, but the newness wears off and other articles, new or more modern, either of the same kind or other kinds, tempt them to buy and let the old ones go. The psychology of the buyer must be considered. Before his three- or five-year contract is up, many a customer must get pretty sick of paying for what he may come to regard as a "dead horse."

The longer time allowed on merchandise, the greater are the interruptions, or complete breakdowns in paying capacity due to seasonal, technological and cyclical unemployment, strikes, sickness, deaths and divorce. It has been said that, on the average, once every two years the majority of American families run into financial emergencies which force them to borrow. It is to be considered also that there is always a lag between the written and actual terms. That is to say, contracts actually tend to pay out very usually about twenty-five per cent slower than called for in the written agreement.

From the customer's point of view it should be noticed that the longer the installment contract, the more of his money goes into carrying charges and less into actual goods. Moreover, it is questionable whether it is safe or fair to the consumer (who often already may have a substantial part of his income above current expenses pledged for a home on the twenty-year plan, for an automobile, and life insurance for his family) to high-pressure him into mortgaging his income for more than two years for any type of retail installment merchandise.

Since 1932, it has been the practice with a great number of firms to lower the amount of down payment each year until it has reached the point where many, many customers purchase merchandise without any down payment whatsoever. This has had a great deal to do with credit policies and collection procedure and has caused many a customer to lose a good credit rating and in some instances the consumer has blamed the seller for high-pressure salesmanship in allowing him to buy merchandise on too-liberal terms.

It is obviously of no advantage to a purchaser to extend the payment period unnecessarily. The larger the down payment which he makes and the shorter the period in which he completes his payments, the more his dollars go into the acquisition of merchandise and less into cost of financing. The finance charge on a $200 refrigerator on which no down payment is made is $36.00 if the installments are extended over a three-year period and the finance charge computed at six per cent per annum. If,

***An address before the Public Utility Group, Twenty-Sixth Annual Convention National Retail Credit Association, Pittsburgh, Pa., June 21-24, 1938.**

however, a $50.00 down payment is made and the installment payment completed in twelve months, the cost of financing is only $9.00 and the purchaser saves $27.00. The hazards of a three-year transaction are three times as great as those of one year. When the Government stepped into the financing profession, low down payment selling resulted.

Some people do not have the will power to keep from making purchases and especially when some high-pressure salesman makes it look so easy. All public utilities should maintain a firm credit policy and try to persuade the various dealers to do the same. All down payments should be large enough to exceed the initial depreciation.

H. N. Bankhead, Assistant Treasurer of the General Electric Contract Corporation, states that "Repossessions are fifty-four per cent higher on what we call substandard terms than for sales made on terms we have set as standard, that is, ten per cent down and 24 months maximum on refrigerators and ranges, and twelve months maximum on vacuums, radios, sun lamps, etc."

The large mail order houses have begun recently to emphasize in their advertising the desirability of a larger down payment than the minimum amount specified in their installment plans. For example, "At Sears, the larger the deposit you send with your order, the less you pay in carrying charges and the more you save. You pay no carrying charges on the amount sent with your order; it is deducted first and charge for credit is based on unpaid balance only."

The Houston Lighting & Power Company has always required a minimum down payment of ten per cent on refrigerators and the balance in twenty-four months; ten per cent down on ranges, the balance in twelve months; washing machines, fifty per cent down, the balance in six months; radios, fifty per cent down, the balance in three months; minor appliances, ten to twenty-five per cent down, the balance in not more than six months. With the terms just mentioned, we sold during the year 1937, 1,280 refrigerators, 58 ranges, 25 washing machines, 9,000 portable lamps, 4,000 desk and wall lamps, 3,200 waffle irons, smoothing irons and coffee urns, 1,590 motor-driven appliances.

We have found that with a substantial down payment our bad debt write-off is much smaller. In 1937 with $511,885 of business ($414,394 on credit basis) we charged off only $505, or .098 (ninety-eight one-thousandths of one per cent) per cent of the total sales, or .122 (one hundred twenty-two one-thousandths of one per cent) per cent on charge sales.

We found it necessary to replevin or repossess during the year 54 refrigerators, 1 range, no washing machines, 23 portable lamps, and 19 other miscellaneous appliances.

It might not be amiss to mention at this period that our Company had a total of 123,956 customers at December 31, 1937 (97,616 being in Houston Division, 14,873 in Galveston Division, and the remainder scattered over a territory extending over a radius of about 65 miles from Houston). The total revenue from electric service for 1937 was $10,761,930, with a write-off to uncollectible accounts of $15,416 applicable to 1937 revenue, or a percentage of .143 (one hundred forty-three one-thousandths of one per cent). Of this amount, $13,258 was applicable to Houston Division with a revenue of $8,336,358, these losses aggregating .159 (one hundred fifty-nine one-thousandths of one per cent) per cent for the Houston Division.

Too many stores substitute low down payments for good salesmanship. In spite of this fact we try to reason with our prospect and, at the same time, reason with our salesmen attempting to show them that they do the prospect a favor when they secure a reasonable down payment. After all, as a result of a substantial down payment, the customer can feel a distinctive pride of ownership.

The credit and collection policies of public utilities as they relate to the sale of merchandise are dependent upon and inseparably bound up with the general merchandising of utilities. There appears to be a definite trend among public utilities toward less aggressive utility merchandising. This is especially true of those utilities serving cities and towns where the activities of dealers have been to aggressively push the sale of appliances which build load for public utilities. Every effort should be made by the electric industry to stabilize merchandise terms and service.

The Houston Lighting & Power Company has a Home Service Department which consists of thirty-seven women. The main object of this department is to cooperate with the dealer and customer. Several times a year they are placed in various stores in order to stimulate sales and it has made many friends for the Houston Lighting & Power Company. One of the most vital issues before the utility industry today is in regard to merchandise service. It is through this means that we are able to demonstrate to our customers the great benefit derived from Electric Service.

Six Definite Rules for a Controlled Installment Credit Policy

By MISS MARIAN LEVOFF LAYTON*
Collection Manager, Star Furniture Co., Portland, Ore.

TIME payment retail selling is not an innovation of modern business. The Babylonians probably used such methods in selling centuries before the dawn of the Christian era. The Egyptians made sales on time terms, and time payment plans were used in the Imperial City of Rome.

Present development, however, came with the development of modern merchandising. Time payment selling was first used in the United States by the house-furnishings firm of Cowperthwaite & Sons of New York City in the early part of the nineteenth century. It received such a popular acceptance from consumers that it soon spread throughout the entire country.

Time selling has unquestioned advantages—both for the retailer and the consumer. As a result of it, more and better merchandise can be sold, and the resultant increase in sales has brought about decreased prices. Time payment selling has placed within the reach of the mass of people many articles of comfort and luxury which otherwise would be unobtainable.

That it stimulates sales needs no proof. But such selling has a heavy cost element. That cost, coupled with losses incurred on bad accounts, makes installment selling profitable—*only if and when it is properly and carefully controlled*—and that is where we, as Managers of Credit Sales, enter into the picture.

Needless to mention, none of us, with the sincere interests of our respective stores at heart, want to reject any business where there is a reasonable possibility of working out the transaction so we can show a figure of profit consistent with good business. But it is important to control these sales, by setting forth and adhering to a definite policy.

At the risk of boring you, I'm going to dare to stand here and tell you what all of you know *only too well.* Such rulings and policies have been drilled into all of us at credit meetings—articles have been written on the subject expounding these theories, brilliant authorities on the subject have written at great length in many books on the subject—but do we realize the full import of the facts and figures that have been hammered at us?

After listening to radio continuity, and reading newspaper ads just picked at random—I, for one, am convinced that we do not.

Much of this vice has been encouraged by manufacturers, who plan an intensive campaign for increasing volume of sales by setting forth ridiculously low terms. Copy for the advertising is all arranged and written up at the factories—extensive advertising is begun—*then what chance do we have?* Of course we all want to keep in the swim, so we follow suit, even though every feature underlying the campaign may be contrary to our own policies.

Then our Government suddenly became very business-minded and decided that they had hit upon an idea to end this *and all depressions,* by arranging to finance on long terms houses, refrigerators, and other appliances, until it has reached the stage where, regardless of the amount of a sale, or the commodity desired, the average consumer believes he can buy his heart's desire for $1.00 down and $1.00 per week—or less.

This type of advertising has so warped the minds of the buying public, that, rather than shopping and buying merchandise, they shop and buy terms.

According to figures offered by the American Retail Federation of Washington, D. C., outstanding open accounts averaged one billion four hundred million dollars in 1936, whereas for installment sales, the average amount outstanding totaled approximately three billion dollars for the same year.

These figures prove that installment selling is now growing, not only in dollar volume, but also in proportion to all retail sales. All of these figures present some mighty vital and important problems to us—and biggest and most important of all is keeping this business, which has reached such staggering proportions, on a basis whereby we can consistently maintain a fair percentage of profit. And this can be done, I'm convinced, only by maintaining a sane credit policy!

While, fundamentally, all credit procedure can be applied, more or less successfully, on either open accounts or installment contracts as well, I don't feel prepared or capable of offering suggestions or ideas on open accounts, as that is to be handled by someone else who is in a better position to give this information than I, inasmuch as my somewhat limited experience has been with installment accounts, particularly along the line of home furnishings. I will, therefore, ask that you accept what little I might have to offer you with that thought in mind.

After checking various sources, I found the following underlying principles set forth for controlling credit in six very decisive rules. You've undoubtedly all heard or read them many times before, but just to refresh you on the subject may I outline them to you just once again?

Rule 1: Select carefully all new customers—*only* after making a thorough investigation, and an up-to-date one.

Under this heading, the vital questions to be considered: Are your applicants able to pay? Are your applicants willing to pay? And can your applicants be made to pay?

*This article is from an address before the Installment Group of the Tenth District Conference.

Along this line, another fact that is often overlooked or slighted is the importance of properly identifying your customer by carefully obtaining specific information, even though it might not seem important at the time for reason that the sale might be a small one, or maybe the applicant might look good to you. Remember, you can't tell by just looking. Then again, so many accounts that open for just a small amount develop into sizable accounts by way of additions. After the original interview in the office is closed and the application completed, it is definitely very awkward to try to secure any additional information.

Let's put it even more plainly: Fill out your customer's application in full and in detail. Don't depend upon your bureau, or—after you have failed to collect—your collection agency to complete what you failed to secure when the time was the most opportune.

Rule 2: Outline your terms clearly to the new customer. Adopt a store or a community plan as to the percentage of down payment, amount of carrying charges, maximum length of time acceptable for contracts. Explain the firm's rights in the event of a waiver or default. The maximum length of time a contract should run has been a sore spot with us for a long time, but I know that we have all made very honest and sincere attempts along this line.

We, in Portland, are particularly proud of the progress we have made in this instance. We can point out with pride that we have made definite progress in controlling and curbing the long-contract evil that has been such a "bugbear" to us all. While we realize our work is not completed, we have the satisfaction of knowing we are traveling in the right direction.

Rule 3: The next step is to *follow up promptly* upon the failure of the customer to make an installment payment when it becomes due. And by this I don't mean to acquiesce to one store owner's idea on a collection method. He often says if he had his way or say, he could work his entire Credit Department with just three printed forms—and a truck: The usual statement, follow-up letter, final notice before repossession letter, and if the installment still remained unpaid or no justification made—immediately thereafter the truck, and not a printed notice of it. Incidentally, to date this firm is still in business, but only because the owner doesn't run the Credit Department.

Rule 4: The next procedure in this policy of controlled credit is to suspend the rights of any delinquents to make any additional purchases on the contract until same is up to date. I don't think this needs dwelling upon, as it is a fact that I'm sure we all accept and agree upon.

Rule 5: The next step is to actually try to help a customer who has become delinquent. This is a thought that I feel is of the utmost importance, and I should like to go into this a little more thoroughly after I have given you this last rule.

Rule 6: Then, as a final step in controlled installment credit: Act decisively as soon as it becomes clear that your customer is either unable or unwilling to pay, or will never be able to pay. Delaying the agony of repossession or turning the account over for collection or legal action, just postpones that much the possibility for payment, and also encourages skipping before merchandise can be repossessed.

I should like to dwell a bit more completely on some of the rules I have outlined to you.

In selecting your customers, it is accepted that you can afford to be a bit more generous where the purchase is made on contract—***and by generous I don't mean lax or indifferent.*** It merely gives the seller a little added protection, but even this cannot be depended upon too heavily.

On contracts there is an element of time, and the credit manager must ascertain as best he can the stability (and possibilities for such stability) of his prospective purchaser, for at least the length of time the contract is to run on the agreed terms.

With labor conditions as they have been, this becomes even more of a problem. Jobs that, heretofore, were considered permanent now become doubtful—even questionable. I do believe that this problem can best be handled by localizing it. You know where the labor troubles have been in the past, and the possibilities for strikes or walkouts to come. Here in the Northwest, where we are so dependent upon the lumber and shipping industries for so many of our men to earn their livelihood, the labor unrest and resultant unemployment have created a very serious problem.

For the time, there seems to be no definite rule or solution that can be laid down. The only suggestion I might make along this line is the necessity of extreme cautiousness, particularly in regard to extending credit.

This brings to my mind the need I have felt for some time now, and that is the need for cooperation, along the line of Credit Control. While this idea is a very complete subject in itself, I just want to make mention of the principle of merchants in a community or a city cooperating by not opening accounts for new customers so as to overload the buyer—to work out a system whereby credit privileges would be suspended all over the city or community, when a customer has proved that he is overloaded beyond his capacity to pay his accounts as agreed and promptly.

I'm not going to spend much time on the matter of terms, but I do want to make mention of the matter of down payments. Their amount or percentage, as related to purchase price, should all be decided by individual groups, depending upon the type of merchandise involved. But this is as good a time as any to put "thumbs down" on that well-advertised practice of selling with "Nothing Down," or using a trade-in to apply as a down payment.

It is my sincere contention that this type of advertising and selling should be eliminated entirely. While it is true that it might stimulate business to a certain extent, it means putting accounts on your books on which the purchasers have no equity, and therefore little interest, because they can't feel the responsibility for a contract where they have actually no money paid down. As a result of this, customers can too easily dump their merchandise back onto the dealer, if things don't work out just exactly right. The only thing they are out is perhaps a little black mark against their credit, and that doesn't matter too much, because they can always work just a little further down the street and find someone else who will open accounts for them in spite of past credit experiences—and the dealer has added needlessly a substantial item of expense to his cost of doing business.

For many years now we have enjoyed the fruits realized by a fair carrying charge. We all know the struggle it was to educate Mr. & Mrs. John Public along that score. From time to time, when the sledding gets a little

tough, there are always a few among us who are willing to destroy this bit of security.

We all know that a fair carrying charge item reflects quite accurately the actual cost, plus a reasonable profit for efficiently handling accounts. This money has got to come from somewhere, and doesn't it seem reasonable that it should be a fair, out and out, explained and discussed carrying charge?

The rule that I should like to dwell upon now is an entirely new wrinkle in credit—and that is the matter of helping delinquents. It isn't necessary any longer to use a whip and a couple of clubs in order to collect accounts, and a call from the collection manager need not be the dreaded ordeal it formerly was.

From personal observation and experience, I have found that much can be done to help delinquents that will in the end help the retailer. The most successful plan, of course, is a personal interview with the delinquent. We know by statistics offered that very few people are actually dishonest or crooked. Therefore, if your customer checked O.K. at the time the account was opened, he must have some very legitimate reason for not paying.

Why not listen sympathetically to his reason for having become delinquent. Maybe you can analyze the situation so that you might be able to offer a helpful suggestion or two that might be of infinite assistance.

Maybe it is necessary to reduce the installments temporarily. Maybe his particular problem can be solved by pro-rating his account. Any number of helpful suggestions might prove a decided help to yourself, and to other creditors involved, as well. Maybe you've heard of an opening for a job. Maybe his income has been reduced so that it is necessary to budget his expenses to live on this lesser income. Maybe he has some money outstanding that he can't collect. You should know how to help him there.

Show a little personal interest—whether it is real or affected for the occasion, and your customer will become your friend, and one that will favor you a lot sooner than he would an impersonal or indifferent creditor.

It might be argued, and intelligently so, that by being too lenient you might cause your customer to lose interest in his obligation and use you for an "easy mark" and one that can be stalled while a tough credit is paid. This does not necessarily have to be the case. Use your opportunity to put your customer on a definite paying basis for the future. He can be made to realize that you are helping him to help himself.

But if, after all, your efforts have failed, act decisively. Don't hold up action waiting for the impossible to happen. The sooner the matter is closed out, the less costly it will be to you.

It has been proved, over and over again, that failure to control installment credit is risky and dangerous business. A very nearsighted business executive may get the notion that to make money and operate successfully, he must have volume—regardless of the price he pays for it. But only after it is too late to curb, does he learn his sad and costly lesson. And yet, as simple and logical as this all seems, there are still many firms and credit managers who are not yet convinced of the dangerous ground they may be treading on by being ruthless with their credit principles.

The Taxpayer's Lament

Editor's Note: The following letter, which is supposed to have been written to one of the numerous tax collecting departments by a man who was being fined 1 per cent per month for being delinquent, and on top of that threatened with having his property taken away from him, has so much truth in it that it is worth passing along to the suffering brethren:

Dear Sheriff:

In reply to your demand for a check, I wish to inform you that the present condition of my bank account makes it almost impossible. My lamentable financial status is due to Federal laws, State laws, County laws, Corporation laws, liquor laws, mother-in-laws, brother-in-laws, sister-in-laws, and outlaws.

Through these laws I am compelled to pay a business tax, amusement tax, school tax, gas tax, income tax, food tax, furniture tax, and excise tax. Even my brains are taxed. I am required to get a business license and dog license.

I am also required to contribute to every society and organization which the genius of man is capable of bringing to life; to women's relief, the unemployed relief, and the gold-diggers' relief, Firemen's balls and Policemen's balls. Also to every hospital and charitable institution in the city, including the Red Cross, the Purple Cross and the double-cross.

For my own safety I am required to carry life insurance, old-age insurance and fire insurance; property insurance, liability insurance, burglar insurance, business insurance, earthquake insurance, tornado insurance, and unemployment insurance.

My business is so governed that it is no easy matter for me to find out who owns it. I am inspected, expected, suspected, disrespected, rejected, dejected, examined, reexamined, informed, required, summoned, fined, commanded, and compelled, until I provide an inexhaustible supply of money for every known need, desire or hope of the human race.

Simply because I refuse to donate to something or other, I am boycotted, talked about, lied about, held up, held down, and robbed until I am almost ruined.

However, my Uncle Henry died last January and left an estate of $50,000 and I, being his only heir, have just been advised that after the government and state have taken out the inheritance taxes and his property has been sold so as to get cash for the government and state and attorney's fees, I am to receive $38.22, to which I am adding $1.49 taken from my baby's bank, thus being able to enclose herewith a post-dated check to cover what you claim I owe.

Faithfully yours,

P.S. You birds appear to have caught up with me entirely. It looks as though my gross income will not be enough to go around amongst you next year and I wish you would get together and figure out how you are going to divide it, because my bookkeeper has to put in so much time now, filling out reports for people who are lying in wait for me, that he can't do his regular work and we are six months behind in invoicing our customers. I am getting used to having you take it away from me, but you will have to allow me time to make it and collect it or you will be as hard up as I am.

The Barometer of Retail Business

Sales and Collection Trends August, 1938, vs. August, 1937

Compiled by Research Division, National Retail Credit Association

Arthur H. Hert, Research Director

COLLECTIONS decreased 1.8 per cent during August; credit sales 3.3 per cent; and total sales 4.0 per cent as compared with August, 1937. These decreases were again the result of unemployment and factories working only part time for the fifth consecutive month.

Small increases were noted in 39 cities in credit sales and 41 cities in total sales. Forty-two of the 64 cities reported decreases in either collections, credit or total sales, while 13 reported decreases in *all three*. High-lights of the monthly analysis are shown in the tables below:

High-Lights for August

64	Cities reporting.
21,107	Retail stores represented.
	COLLECTIONS
38	Cities reported decreases.
1.8%	Was the average decrease for all cities.
25.0%	Was the greatest decrease (Mount Clemens, Mich.).
23	Cities reported increases.
7.0%	Was the greatest increase (Jacksonville, Fla.).
3	Cities reported no change.
	CREDIT SALES
23	Cities reported decreases.
3.3%	Was the average decrease for all cities.
24.0%	Was the greatest decrease (Borger, Tex.).
39	Cities reported increases.
15.0%	Was the greatest increase (Fort Lauderdale, Fla.).
2	Cities reported no change.
	TOTAL SALES
21	Cities reported decreases.
4.0%	Was the average decrease for all cities.
22.0%	Was the greatest decrease (Borger, Tex.).
41	Cities reported increases.
15.0%	Was the greatest increase (Fort Lauderdale, Fla.).
2	Cities reported no change.

Let San Francisco Entertain You *In 1939!*

By S. E. SHERMANTINE
***General Chairman,* National Convention Committees, San Francisco, Calif.**


FRANK BATTY
Program & Speakers Committee


S. E. SHERMANTINE
General Convention Chairman


CHARLES J. BENSON
Registration & Information Committee


H. H. CHRISTENSEN
President, Associated Retail Credit Men of San Francisco and *Chairman* Executive Committee


JOSEPH E. NOONAN
Hotel Reservations Committee


WALTER V. HOWE
Finance Committee


ROBERT H. CLIFTON
Transportation Committee


MONROE L. CAHN
Reception Committee


MELVIN BIXEL
Entertainment Committee


URBAN MORF
Exhibits Committee

SAN FRANCISCO goes to work! The General Committee Chairmen and Vice-Chairmen have already been appointed and the selection of the remainder of committees is well under way. Several meetings have been held and many important plans outlined!

WEDNESDAY, JUNE 21, 1939, will be NATIONAL RETAIL CREDIT DAY at the GOLDEN GATE INTERNATIONAL EXPOSITION! Just picture a delightful ferry trip to TREASURE ISLAND! Our morning session held in the Convention Hall on the Exposition Grounds, with the meeting adjourned at 1:00 P.M. and the remainder of the day to *enjoy yourself!*

Hotel arrangements are all complete—rates established—*and guaranteed.* Meeting rooms have all been assigned and if our guests to San Francisco in 1939 receive as much pleasure in attending the National Convention as our committee is having in making the plans—then the trip from a business and pleasure standpoint will be a huge success!

Did you ever experience the thrill of having both hands filled with ribbons of leather while eight spirited horses champ at the bit—impatient to *go?* Well, I have—and that's the spirit of San Francisco's General Committee Chairmen! It never wanes but, like the snowball on a downhill run, gathers momentum and size as time passes!

"San Francisco, 1939!"

That's what we want every credit executive and bureau manager in this country to have as a slogan—as a "Magnificent Obsession!" Of course, we realize you cannot all be with us but you *can* give three cheers and plenty of cooperation to the lucky delegates from your town who *can come to "SAN FRANCISCO—1939"!* Begin *now* to see how much money you can raise to have your city well represented. You will be surprised how much fun there is in getting out and becoming better acquainted with your fellow credit colleagues!

Full details on hotels, etc., will be all ready for the next issue of The CREDIT WORLD. Our plans call for *all hotel reservations to be arranged before you leave your home city.* Every delegate responding to our call *will know exactly where he is going* and upon arriving in San Francisco our local Transportation Committee will be right on hand to tell him *where* to go and *how* to get there!

SAN FRANCISCO will speak to you again in NOVEMBER through the pages of The CREDIT WORLD!

In the meantime—don't forget to TELL THE WORLD about

"San Francisco in 1939!"

* * *

EDITOR'S NOTE: Most of the chairmen of the various convention committees are shown in the photographs on this page. Not shown are E. J. Dollard, Honorary Chairman, A. Altenburg, Honorary Vice-Chairman and Mrs. S. E. Shermantine, Chairman of the Hostess Committee.

In addition to these the following Vice-Chairmen of the various committees are not shown: A. R. Macoon, Program and Speakers; L. C. Griffiths, Publicity and Promotion; Harry Bunker, Group Conferences; H. W. Selfridge, Registration and Information; Harold J. Schrupp, Reception; Sam A. Schneider, Transportation; W. M. Roche, Hotel Reservations; J. E. Sullivan, Entertainment; William F. Bradley, Exhibits; and Robert T. Baxter, Credit Bureau Cooperation.


FRANK D. FRANCIS
Group Conferences Committee

The 1939 President of the Credit Women's Breakfast Club will be the Chairman of the Credit Women's Breakfast Club Committee; likewise the 1939 State secretary will be the chairman of the committee on Credit Bureau Cooperation.

Retail Credit in Australia

By G. H. ENGLEHEART, J.P., A.B., I.S.
Sales Director, English Tailoring Co., Ltd., Sydney, N. S. W.

BROADLY speaking, trading on a credit basis may be defined as the selling or handing over of goods by the seller in return for a promise to pay for the goods at some future time.

This system, in its widest sense, involves the transfer of ownership in the goods in expectation of payment at a later date, and necessarily depends for its success on a foundation of the utmost good faith between buyer and seller.

From early times, the practice of selling goods on credit has grown enormously until today a very large proportion of the world's business is conducted in this fashion. Various types of credit transactions have been evolved, but all rest on the assumption that a large proportion of any community is honest. It is chiefly by reason of this that credit has become such an important factor in the conduct of affairs.

Credit trading is carried on by primary producers, manufacturers, wholesalers and retailers, but it is only during comparatively recent times that retail credit has assumed the magnitude of its present position in the business world.

Retail Credit

Retail credit implies the sale of goods by "entrepreneurs" or middlemen to the ultimate consumer; or, broadly speaking, the general public. Several types of retail credit are being used today, such as current accounts, cash-orders, time payment, lay-bys and hire purchase. The field of retail credit has become exploited to such an extent that today it is possible to buy almost anything on some basis of credit.

Newspaper advertisements have made it possible for retailers to inculcate in the general public a "credit sense," and thereby increase the popularity of buying on some system of time payment.

Many people have come to regard as necessary the convenience of using the goods while they pay for them. In Australia, the trend seems to be to exploit this system to an increasing extent.

Advantages and Disadvantages of Retail Credit

ADVANTAGES: By means of the retail credit system, people with limited means or a limited amount of ready cash are enabled to obtain immediate use of goods by payment of a deposit and balance of the purchase price in installments. There is no doubt that many people make purchases (in this fashion) who otherwise would not buy due to their inability to discipline themselves to save voluntarily the full purchase price of the goods.

Once the purchase is made, however, and the payment of the installments becomes a necessity, those same people find ways and means of meeting them. A further advantage of the retail credit system is that it avoids the necessity of the buyer parting with a substantial amount of ready cash—especially in the case of large purchases such as a household of furniture. Even though they possess the cash, it is difficult to induce some people to part with substantial amounts.

It seems, then, that business generally would be restricted to a very large degree in the absence of credit facilities, and that selling on credit has opened up a tremendous field for increasing turnover. It is logical to assume that as demand grows and turnover increases, production costs should be decreased, thus making it possible to lower the price of goods to the consumer.

If the retailer buys from the wholesaler in large quantities, he should be able to obtain some reduction in price, which he can pass on to the consumer and thereby tend to create a greater demand for the goods. Credit induces the customer to buy in greater quantities than he would if he had to find the ready cash to pay for his purchases.

DISADVANTAGES: There is a good deal of uncertainty associated with retail credit. In the first place it is difficult on the part of the vendor to properly assess his credit risks. Despite the assistance rendered by trade protection societies and personal interrogation and enquiry, some types of retail credit inevitably involve the trader in loss through bad debts.

In the second place, buyers are tempted to overestimate their ability to pay, this being consequent on the ease with which goods may be purchased on a credit basis. Naturally not all buyers overestimate their ability to pay, but the danger is that they might thereby create difficulties for themselves as well as the sellers. Even where the goods are subject to a hire purchase agreement, repossession on default by the buyer may not always be profitable to the vendor, as additional expense may be incurred in efforts to resell.

Then, too, depressions and industrial troubles such as strikes are always likely to upset the smooth running of any credit system. The success of credit selling is dependent to some extent on continuity of employment, and when this continuity is affected the customer's ability to pay is disturbed.

One of the strongest arguments leveled against time-payment, hire-purchase and the cash-order, is that all these systems amount to mortgaging the future on the part of the buyer and to that extent they are wrong in principle.

It must be conceded that no one can accurately forecast his or her future position especially when dependent on someone else for a livelihood. Again, the problem of personal judgment arises as to how far an individual can accurately forecast his FUTURE ability to pay.

From one point of view, too, the retail credit system is inclined to encourage people to spend as they go and let the future look after itself, rather than live strictly within

their immediate means and put by something for the "rainy day."

Various Types of Retail Credit

There are many types of credit available to the retailer of today, but obviously the type or types most suitable to each particular business will depend on its nature and size, the type of goods sold and the enterprise of the trader himself.

It is not proposed, however, to discuss here the various classes of business units and the most desirable basis of credit operations from their point of view, but rather to examine the various types of credit and explain their points of difference.

Monthly Accounts

Most of us are familiar with this method of selling under which the buyer purchases goods in one month and pays for them in the following month. In many cases, an inducement in the shape of a discount is held out to the buyer to encourage prompt payment within the prescribed time.

Obviously, transactions on this basis would be limited to those customers about whom the firm would have every confidence in their ability to meet their commitments. Sometimes, of course, this ability to pay is more apparent than real and the firm has to face a bad debt.

Frequently, when supplying goods on a monthly basis, a firm will stipulate a limit to the amount of goods which may be purchased by a particular customer in any one month, thereby limiting the individual risk to a definite specified amount.

Monthly accounts are not necessarily confined to the big stores, as even suburban shopkeepers will trade on this basis with customers who appear to them to be good credit risks, especially where customers receive their salaries monthly.

Fortnightly Accounts

Some firms pay their employees fortnightly and shopkeepers may make arrangements with customers who are paid on this basis to pay their accounts in a like manner.

If a firm or trader wished to restrict the credit risk with any individual customer, either from the point of view of time or amount, an arrangement to pay fortnightly instead of monthly might be made. This, of course, would depend on the whole of the circumstances of each particular case.

Weekly Accounts

Much the same comment applies in this case as in that of fortnightly accounts, except that the weekly account arrangement is widely used. Even the butcher, baker and milkman find this a convenient method of selling to customers whose income for the most part is possibly received weekly. Weekly settlement of accounts is a common practice among suburban shopkeepers.

C. O. D.

Many retail businesses are conducted on a strictly cash basis, either because the nature of the business demands it or the size of the business does not warrant extended credit or by reason of the type of goods sold.

Certain chain stores sell purely for cash and so do all retail stores and shopkeepers to the "casual" buyer. In many cases, the small suburban shopkeeper will sell only for cash, while nobody would expect to purchase milk shakes on the basis of a monthly account.

In other cases traders insist on cash payment by customers whose credit they either doubt or know to be bad or by customers who are known to them.

Hire Purchase

This is a system whereby an agreement is entered into by the vendor and purchaser to cover the transaction. In the hire purchase agreement, the vendor (i.e. the owner) lets the goods out on hire to the purchaser (i.e. the hirer) on the following terms:

1. The goods shall become the property of the hirer on his completion of certain specified payments.
2. The property (i.e., ownership) in the chattel meanwhile remains with the owner.
3. Should the hirer default in his payments or in the observance of the conditions of the agreement, then the owner may regain possession of the chattels.
4. The hirer may terminate the agreement by the return of the chattel at any time provided all payments have been made up to the date of the return. In this event there is no liability on the hirer for payment of installments falling due beyond the date of return.

This system is at present applied to retail selling over a wide field, including such articles as furniture, pianos, wireless, [radio] sets, refrigerators, motor cars and machinery, etc., all of which are sold on this basis. Payments may cover any period up to two years, or in some cases perhaps longer. The buyer usually has to pay 10 per cent of the full price as a deposit and interest of 10 per cent on the balance.

Time Payment

This type of transaction differs from a hire-purchase sale in the following ways:

(a) Ownership of the goods passes to the buyer on delivery. (b) The purchaser is liable for payment of the full purchase price. (c) In the event of default the vendor's rights are limited to those of an ordinary unsecured creditor. He cannot repossess the chattel. His remedy is to sue for the amount due and after obtaining judgment to levy execution. (d) The vendor may sue the hirer for arrears of installments even though the vendor has repossessed the chattel.

Lay-By

A large volume of retail selling is transacted on the lay-by system. The procedure is as follows:

1. The vendor obtains a small proportion of the full price by way of deposit.
2. The buyer has the privilege of paying the balance as he wishes but usually some stipulation is made that the buyer should make some payment each month and/or should complete payment by a certain specified time.
3. The vendor retains ownership and possession of the goods until they have been fully paid for.
4. If the buyer defaults or fails to observe the terms of the arrangement the vendor usually has the right to cancel the transaction and retain the goods.

The Cash Order System

While this system does not involve direct credit arrangements between retailer and customer its importance as an aid to retail selling cannot be denied. From the point of view of the buyer, it is a type of time-payment buying. The system works in this fashion:

(*Continued on page* 30.)

The Nation's Collection Percentages--A

DISTRICT	CITY	DEPARTMENT STORES (Open Accounts)						DEPARTMENT STORES (Installment Accounts)						WOMEN'S SPECIALTY STORES						FURNITURE STORES (Installment Accounts)						JEWEL
		1938			1937			1938			1937			1938			1937			1938			1937			1938
		AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	HI.
1	Boston, Mass.	44.6	50.4	34.7	44.7	49.3	36.1	16.1	21.4	13.9	13.6	21.6	12.4	45.0	50.2	37.6	47.5	54.0	36.0	—	—	—	—	—	—	54.4
	Providence, R. I.	42.0	48.0	41.2	41.3	46.7	37.3	—	19.2	—	—	16.6	—	—	35.2	—	—	—	—	—	10.7	—	—	11.7	—	—
	Lynn, Mass.	48.7	54.7	41.0	43.8	56.0	38.6	—	—	—	—	—	—	—	—	—	—	—	—	13.0	16.4	11.6	16.4	21.3	11.6	—
	Springfield, Mass.	51.2	54.1	48.2	50.5	53.9	47.1	16.4	21.5	11.2	16.2	20.7	11.7	47.5	48.3	46.6	45.7	48.7	42.7	—	—	—	—	—	—	—
	Worcester, Mass.	45.3	47.0	43.7	44.9	45.8	44.0	—	27.5	—	22.7	25.3	14.4	38.5	41.0	28.7	33.0	38.6	20.0	—	—	—	—	—	—	—
2	New York City	40.9	55.4	34.2	42.4	52.4	34.6	17.9	34.5	11.4	19.8	28.3	12.1	35.8	55.5	26.3	34.0	56.6	25.3	—	—	—	—	—	—	—
	Pittsburgh, Pa.	40.3	45.0	35.5	41.8	46.0	35.8	15.2	17.9	12.5	15.2	18.0	11.7	40.3	45.0	35.5	41.4	46.5	34.3	—	—	—	—	—	—	64.5
	Reading, Pa.	46.2	46.3	41.6	45.0	53.1	44.3	—	15.6	—	—	17.0	—	—	42.0	—	—	31.8	—	—	9.1	—	12.1	14.0	10.3	10.1°
	Syracuse, N. Y.	39.2	40.7	35.7	38.6	40.0	37.5	15.2	18.8	13.4	15.1	18.7	13.3	40.7	42.1	39.4	38.7	41.8	35.7	—	9.2	—	—	12.2	—	—
	Utica, N. Y.*	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
3	Washington, D. C.	40.0	47.6	33.0	37.7	46.5	32.2	13.5	14.3	13.1	12.2	13.2	10.2	—	—	—	—	—	—	—	—	—	—	—	—	—
	Huntington, W. Va.	—	48.8	—	49.8	53.5	46.0	—	9.0	—	7.5	7.7	7.3	—	27.0	—	—	—	—	—	—	—	—	—	—	—
	Baltimore, Md.	39.7	48.6	31.4	38.9	44.4	40.0	15.8	24.0	9.6	14.5	23.2	8.2	35.0	36.0	34.5	34.8	40.0	31.8	—	—	—	—	—	—	—
4	Birmingham, Ala.	38.3	41.6	34.5	37.8	42.7	33.7	14.8	15.5	14.2	16.4	17.0	15.0	40.1	42.1	37.0	42.9	47.8	38.0	10.6	11.6	9.6	13.1	13.5	13.0	—
	Atlanta, Ga.	31.9	33.0	30.8	34.7	36.0	33.4	14.4	16.2	12.6	14.4	16.3	12.5	28.8	30.9	26.7	30.2	30.7	29.8	—	—	—	12.4	12.5	12.4	19.3°
5	Kansas City, Mo.	72.9	75.4	70.5	67.9	74.6	61.2	—	19.5	—	—	16.1	—	52.2	59.9	46.2	47.1	53.9	41.0	—	9.4	—	—	10.5	—	—
	St. Louis, Mo.	48.8	57.9	42.1	48.2	57.8	39.5	18.6	21.9	16.7	19.4	21.5	16.2	39.6	47.7	34.0	37.6	43.1	31.3	—	22.7	—	—	20.1	—	—
	Little Rock, Ark.	37.5	40.3	34.7	34.5	38.1	30.9	21.2	26.4	16.1	15.6	18.1	13.2	—	—	—	—	—	—	—	9.0	—	—	10.2	—	38.1
6	Cleveland, O.	45.3	52.4	40.0	45.5	50.2	42.7	17.2	23.8	14.6	16.6	24.7	13.5	42.5	43.0	41.0	44.0	44.2	41.0	8.6	9.0	8.5	11.1	13.3	9.5	50.2
	Cincinnati, O.	49.1	55.7	40.0	50.0	56.8	42.4	14.3	29.0	11.0	14.6	19.9	11.9	42.6	47.4	37.7	46.8	50.6	42.2	—	—	—	—	—	—	55.8
	Columbus, O.	44.4	50.4	40.0	44.6	51.9	42.1	11.7	13.1	10.2	10.9	11.9	10.0	44.4	53.8	33.1	46.8	55.4	38.3	9.7	13.1	10.2	10.1	11.9	10.0	—
	Toledo, O.	44.3	52.3	37.7	43.5	50.9	40.9	16.6	20.2	14.9	16.7	17.5	15.8	45.3	52.2	31.0	41.8	53.3	33.0	—	—	—	—	—	—	41.9
	Youngstown, O.	36.0	36.8	35.1	44.5	44.9	44.1	12.4	12.7	12.1	12.2	14.1	10.2	25.6	40.7	11.4	28.5	35.0	22.0	11.4	13.9	9.1	—	—	—	—
	Detroit, Mich.	47.3	62.0	32.8	49.7	60.9	35.0	19.5	25.5	12.4	19.6	26.0	14.8	44.7	52.0	40.9	45.2	50.4	40.1	—	—	—	—	—	—	65.5
	Grand Rapids, Mich.	41.5	42.4	39.9	44.3	47.9	41.8	—	—	—	—	—	—	38.0	52.0	26.0	39.3	56.7	26.1	14.9	18.3	11.7	13.9	16.6	11.3	—
	Milwaukee, Wis.	43.9	50.1	39.3	48.5	55.3	40.7	18.2	18.8	18.2	18.7	18.8	18.5	41.0	48.0	24.1	36.1	45.7	26.5	9.5	11.1	9.4	10.9	14.5	10.0	51.9
	Springfield, Ill.★	34.5	42.8	24.5	30.5	40.9	17.0	—	—	—	—	—	—	—	—	—	27.8	29.0	26.6	19.7	29.3	10.3	19.4	28.0	11.2	37.4
7	Duluth, Minn.	41.7	48.7	34.7	43.9	54.5	33.3	—	25.2	—	—	25.2	—	38.8	61.3	35.0	39.9	69.1	30.0	—	—	—	—	—	—	—
	St. Paul, Minn.	51.7	57.3	45.9	52.4	55.0	51.0	—	—	—	—	—	—	39.2	42.9	32.0	37.0	42.2	32.0	—	—	—	—	—	—	—
	Minneapolis, Minn.	64.5	68.3	62.1	62.3	67.8	57.3	19.9	24.3	13.8	20.3	25.3	12.7	57.1	59.4	54.7	53.9	54.4	53.4	11.8	12.5	11.0	11.3	11.4	11.2	60.6
	Davenport, Ia.	48.5	49.6	47.5	50.6	53.3	47.8	13.6	15.0	12.3	15.8	16.8	14.8	—	—	—	—	—	—	14.3	16.5	12.1	14.1	14.3	14.0	25.5
	Cedar Rapids, Ia.	50.0	59.9	47.0	51.0	57.3	45.0	20.0	24.0	16.1	20.3	24.0	16.6	—	—	—	—	—	—	—	—	—	—	—	—	—
	Des Moines, Ia.	38.5	45.8	34.5	35.9	45.0	32.2	—	9.8	—	—	10.1	—	45.7	55.0	44.0	45.1	54.0	39.0	—	—	—	—	—	—	—
	Sioux City, Ia.	43.4	44.9	38.0	40.7	48.7	35.0	15.0	20.6	15.0	15.1	17.3	14.0	—	35.0	—	—	38.0	—	—	—	—	—	—	—	—
	Omaha, Neb.	—	43.5	—	—	43.3	—	—	13.7	—	—	13.4	—	38.9	42.1	34.2	37.1	40.9	33.1	—	—	—	—	—	—	—
8	Tulsa, Okla.	55.6	58.8	50.1	57.1	59.0	53.4	14.3	18.0	11.4	14.2	18.0	12.7	14.4	18.0	11.4	14.2	18.0	12.7	—	—	—	—	—	—	—
	San Antonio, Tex.	39.6	43.8	35.3	37.7	42.2	33.2	11.0	12.3	9.7	10.8	12.0	9.1	42.0	47.9	37.9	43.5	47.3	40.0	12.4	13.2	11.5	11.2	12.7	9.8	22.5
9	Denver, Colo.	43.2	48.3	39.1	44.3	56.6	41.9	13.0	27.4	11.2	12.5	16.8	10.5	42.0	42.9	41.1	44.3	46.6	42.0	—	11.1	—	—	11.7	—	12.8°
	Salt Lake City, Utah	55.4	58.9	49.0	53.4	57.7	50.5	21.7	27.2	17.4	19.8	25.8	12.5	—	—	—	—	—	—	—	—	—	—	—	—	—
	Casper, Wyo.	—	110.3	—	—	113.4	—	—	—	—	—	—	—	—	33.0	—	—	31.0	—	—	—	—	—	—	—	—
10	Portland, Ore.	38.8	63.3	36.1	39.8	53.1	33.8	13.7	15.2	13.5	14.3	16.0	12.7	42.6	44.0	36.4	40.7	43.0	36.3	—	—	—	—	—	—	19.3°
	Spokane, Wash.	48.6	51.7	45.4	50.2	51.0	49.4	12.4	13.0	11.7	13.6	15.0	12.3	38.2	49.0	27.5	39.3	50.0	28.6	—	17.0	—	—	24.0	—	18.6
11	San Francisco and Oakland, Calif.	43.5	55.8	35.7	45.2	52.7	34.1	19.0	25.1	13.8	16.6	24.4	14.3	34.5	49.0	24.6	37.7	47.9	25.4	15.8	31.6	11.0	15.1	31.6	10.6	—
	Los Angeles, Calif.*	—	—	—	61.7	64.3	52.7	—	—	—	20.8	23.6	17.9	—	—	—	54.0	57.0	51.0	—	—	—	—	—	—	—
	Santa Barbara, Calif.	51.8	60.0	41.5	46.4	55.9	29.1	—	—	—	—	—	—	51.8	73.0	40.3	54.0	72.0	43.1	—	—	—	—	—	—	—
12	Ottawa, Ont.*	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	Vancouver, B. C.	55.4	57.8	53.0	56.5	57.2	55.7	22.7	25.0	20.4	22.9	24.0	21.7	—	51.0	—	50.5	60.0	41.0	18.0	20.0	16.0	—	16.4	—	29.0°
	Victoria, B. C.	63.2	64.5	61.9	62.3	62.9	61.8	24.1	31.7	16.5	27.4	37.5	17.4	—	—	—	—	50.5	—	—	—	—	—	—	—	—

* 1938 Figures not received at press time
★ Open and Installment accounts combined

°Installment
[1]Furriers
[2]Laundry
[3]Heating
[4]Plumbing
[5]Lumber
[6]Paper and Paint
[7]Fuel
[8]Cl ing
[11]B lers'

Forty-Nine Key Cities Cooperating with the Research Division--in he U

ges--August, 1938, *Versus* August, 1937

ES	JEWELRY STORES						MEN'S CLOTHING STORES						SHOE STORES						AUTO ACCESSORIES, TIRES, GAS AND OIL						MISCELLANEOUS					
	1938			1937			1938			1937			1938			1937			1938			1937			1938			1937		
LO.	A	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.
—	5	54.4	51.7	54.7	56.0	53.4	—	52.0	—	—	51.1	—	—	55.7	—	—	56.8	—	—	—	—	—	—	—	44.0	64.4[12]	34.0[7]	45.0	55.4[12]	38.0[12]
—		—	—	—	—	—	—	—	—	—	—	—	52.5	53.5	51.5	56.0	62.5	49.6	—	—	—	62.0	67.0	57.0	48.0	73.3[2]	28.5[7]	40.0	72.1[2]	38.2[7]
11.6		—	—	—	11.8	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	67.0	92.1[7]	42.0	57.2	71.0[7]	51.4[24]
—		—	—	—	—	—	—	42.0	—	—	43.7	—	55.9	56.0	55.8	59.9	61.8	58.0	—	—	—	—	—	—	56.5[7]	76.3[7]	36.7[7]	50.2[7]	59.8[7]	40.6[7]
—		—	—	—	—	—	—	38.0	—	68.3	100.0	36.7	—	42.9	—	—	60.6	—	—	56.7	—	61.6	63.0	60.2	57.8	71.0[16]	38.6[7]	65.3	78.0[16]	38.8[7]
—		—	—	—	—	—	41.0	47.3	32.4	48.6	51.0	37.9	63.5	70.2	56.7	66.6	78.7	54.5	—	61.0	—	—	71.6	—	48.0	57.4	38.0[7]	45.0	59.6	35.0[7]
—	5	64.5	40.3	49.8	72.7	26.9	—	—	—	—	—	—	51.7	58.4	45.0	52.8	58.6	47.0	—	—	—	—	—	—	72.8[13]	84.0[13]	57.0[13]	78.4[12]	88.5[13]	67.0[13]
10.3		10.1°	—	—	11.8°	—	42.7	51.8	33.7	46.8	57.2	36.4	—	74.0	—	—	67.5	—	—	71.8	—	—	89.8	—	58.3	59.0[2]	12.9[4]	49.1	62.5[2]	46.3[2]
—		—	—	—	—	—	—	—	—	—	—	—	—	43.0	—	—	40.0	—	59.6	78.4	40.8	67.6	71.8	63.5	61.9	92.5[5]	43.5[6]	58.0	79.7[5]	38.3[16]
—		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
—		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
—		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	44.2	—	—	53.9	—	—	21.5[6]	—	47.6	64.0	35.0[14]
—		—	—	—	—	—	33.2	36.3	31.1	37.7	44.7	31.0	44.8	48.5	40.4	44.2	51.4	40.5	—	—	—	—	—	—	—	—	—	—	—	—
13.0		—	—	—	—	—	40.1	42.1	37.0	42.9	47.8	38.0	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
12.4		19.3°	—	—	25.7°	—	30.5	32.3	28.8	33.8	34.0	33.7	—	—	—	—	—	—	—	—	—	—	—	—	—	60.6	—	44.7[11]	52.4[11]	37.0[11]
—		—	—	—	—	—	52.2	59.9	46.2	47.1	53.9	41.0	—	—	—	—	—	—	77.9	78.0	77.8	77.4	87.8	35.0	68.0	91.8[14]	43.0[7]	68.0	94.9[14]	50.0[2]
—		—	—	—	45.0	—	35.2	39.0	33.0	36.0	38.0	34.2	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	48.4[7]	—
—		38.1	—	—	41.7	—	—	—	—	—	—	—	—	—	—	—	—	—	67.6	84.7	50.5	67.1	83.0	51.3	—	—	—	—	—	—
9.5	3	50.2	26.2	42.5	54.8	36.8	45.3	57.7	41.9	47.7	69.1	44.0	—	—	—	56.7	61.5	52.0	—	—	—	—	—	—	62.0	80.6[18]	38.8[7]	54.0	89.9[18]	48.1[7]
—	4	55.8	42.2	37.2	41.5	32.9	42.7	46.9	38.6	41.9	46.0	37.8	58.1	64.5	51.7	57.1	59.3	54.9	—	—	—	—	—	—	54.1	60.3	44.0	55.9	69.0	44.3
10.0		—	—	—	—	—	—	—	—	—	29.1	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	65.0	—
—	3	41.9	23.0	44.4	55.4	33.4	30.4	31.9	28.8	33.3	36.9	29.6	—	—	—	—	—	—	—	—	—	—	—	—	36.5	61.1	12.0	48.9	61.8	36.0
—		—	—	—	—	—	28.1	37.5	16.0	38.3	50.7	22.0	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
—	5	65.5	50.0	53.3	62.6	44.0	45.6	47.5	42.3	49.2	52.6	47.1	49.3	54.2	44.4	48.8	49.8	47.7	—	—	—	—	—	—	—	—	—	—	—	—
11.3		—	—	—	—	—	55.6	81.5	40.4	49.8	83.0	30.9	—	—	—	—	—	—	—	—	—	—	—	—	63.2[7]	72.0[7]	54.5[7]	51.2[7]	60.0[7]	42.4[7]
10.0	4	51.9	31.0	48.2	55.4	41.0	40.4	42.3	38.6	43.4	47.0	39.9	47.6	52.8	42.5	48.6	54.8	42.5	—	59.3	—	—	—	—	—	58.0	—	—	48.0	—
11.2	3	37.4	31.0	32.8	33.6	32.0	26.7	28.0	25.3	23.7	25.0	22.3	34.4	37.0	31.7	34.4	34.7	34.0	51.1	65.0	27.0	52.7	73.0	41.0	44.5[7]	51.6[7]	40.0[7]	52.7[7]	68.8[7]	38.8[7]
—		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	59.4	69.0	40.0[24]
—		—	—	—	—	—	36.0	37.0	35.0	36.6	39.4	34.5	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
11.2		60.6	—	—	55.7	—	56.1	60.0	52.2	54.7	59.4	49.9	—	—	—	—	—	—	—	26.1	—	—	29.5	—	33.1[7]	59.5[7]	14.0[7]	32.3[7]	52.0[7]	16.0[7]
14.0		25.5	—	—	27.5	—	48.0	51.0	40.7	52.3	53.5	46.2	—	—	—	—	—	—	—	59.0	—	—	53.0	—	—	53.0	—	—	53.0	—
—		—	—	—	—	—	44.8	45.1	44.3	46.0	47.0	45.0	—	—	—	—	54.0	—	—	—	—	—	—	—	—	58.7	—	—	63.7	—
—		—	—	—	—	—	41.4	45.8	37.0	36.8	37.4	36.2	—	—	—	55.0	57.0	56.0	—	—	—	—	—	—	—	—	—	—	43.8	—
—		—	—	—	—	—	—	40.0	—	—	41.0	—	—	45.0	—	—	44.0	—	—	—	—	—	—	—	—	28.0[7]	—	—	33.0[7]	—
—		—	—	—	—	—	—	49.2	—	—	47.6	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
—		—	—	—	—	—	38.0	48.9	28.0	42.8	49.7	36.0	—	—	—	—	—	—	—	—	—	—	—	—	—	28.0	—	—	44.0	—
9.8		22.5	—	—	23.2	—	—	39.8	—	—	36.5	—	—	53.6	—	—	56.0	—	—	—	—	—	—	—	—	—	—	—	—	—
—		12.8°	—	—	12.1°	—	42.7	42.9	42.4	46.5	46.6	46.4	—	—	—	—	—	—	—	92.0	—	—	—	—	64.2	70.8[2]	40.0[2]	58.0	83.0[2]	46.5[2]
—		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
—		—	—	—	—	—	44.8	47.7	42.0	44.9	52.9	37.0	58.9	62.8	55.0	—	71.0	—	—	—	—	—	—	—	—	56.8[12]	—	—	77.4[13]	—
—	10	19.3°	7.7°	11.7°	20.0°	9.4°	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
—		18.6	—	—	19.3	—	41.5	42.1	38.5	40.2	41.4	39.0	—	—	—	—	—	—	—	65.0	—	—	—	—	61.8	98.1[7]	21.0	54.0	70.0	24.0
10.6		—	—	—	—	—	37.0	48.7	30.7	35.2	48.5	31.6	43.5	70.9	39.9	43.5	62.3	40.4	—	—	—	—	—	—	—	—	—	—	—	—
—		—	—	—	37.8	—	—	—	—	53.8	62.1	50.7	—	—	—	57.6	61.3	51.2	—	—	—	—	—	—	—	—	—	76.7[13]	81.6[12]	71.8[13]
—		—	—	—	—	—	58.1	70.3	50.0	58.5	64.0	55.0	48.7	58.2	45.0	48.0	55.0	40.1	—	—	—	—	—	—	67.1[12]	83.5[13]	55.8[12]	65.1[13]	81.3[13]	56.5[12]
—		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
—	2	29.0°	18.0°	—	28.0°	—	37.0	39.0	35.0	35.0	38.7	34.4	—	—	—	—	45.0	—	—	68.0	—	63.4	71.0	55.8	67.7	96.0[19]	24.5	59.7	90.3[5]	25.5[16]
—		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—

COMPILED BY RESEARCH DIVISION—NATIONAL RETAIL CREDIT ASSOCIATION

10-38 A.M.H.

[8]Cl[...]ing and Dyeing
[11]B[...]lders' Supplies
[13]Grocery
[14]Stationery, Office Supplies
[15]Florist
[16]Hardware
[18]Dairy
[19]Drugs
[20]Sporting Goods
[21]Leather Goods
[23]Household Equipmen
[24]Electrical Supplies

on--in[...]e United States and Canada--Contribute These Figures Monthly

The Credit Bureau's Contribution To Sound Credit Practices

By E. L. CARNEY*

Credit Manager, Gallup Mercantile Co., Gallup, N. M.

DURING the past eight years the commercial business that has made any progress is that business which has changed its policies and methods of procedure to conform with the changes in business conditions. Using our community of Gallup as an example, we find competition has had a tendency to lean toward a more liberal granting of credit as well as the increasing practice of installment selling.

Along with these changes of business tactics has come a change of the customer we are dealing with. Even though there has been a change, the old rule of the "3 C's" still applies and it is in this application that the credit bureau enters the picture even more than in the past. The credit bureau's contribution to sound credit is to furnish the retailer accurate and current information regarding each of his customers.

Even with this accurate information, it is still difficult for the granter of credit to determine his procedure, except in those cases which are exceptionally good or obviously hopeless. This has been due to the uncertainty of employment and the continued tendency of the consumers to live beyond their means.

During the past four years, I have had the opportunity of inspecting the records of a great many businesses in Gallup. I have found without exception that those businesses which were insolvent or in a perilous financial condition had a large percentage of their assets frozen in inactive and worthless accounts. This has made me wonder, "Is there such a thing as a sound credit policy?"

Of course, Mr. Merchant could go on a strictly cash basis, but, as previously stated, competition has forced the merchant to take a more liberal view toward the extension of credit. He must be sales-minded and endeavor to obtain the maximum amount of business that is profitable from the standpoint of reducing the potential credit losses to a minimum.

Thus, it is necessary for the merchant to find that happy medium where his collection turnover permits the greatest volume of business with the smallest amount of losses on accounts receivable and collection expenses. There is only one route for the successful merchant to take: He must use the credit bureau religiously and permit the bureau to make the contribution it is so anxiously waiting to make. You, as operators of credit bureaus, must do everything possible to impress the merchant that you have a service that he cannot afford to be without.

I feel that a business that carries accounts receivables will have some losses or it is not taking full advantage of the potential business in its trade territory. By this I mean, each town has a certain percentage of residents and consumers who could not be specifically classed as sheep or goats, but are crosses between them, from a credit standpoint. If the merchant has access to reliable information regarding this type of consumer, he can increase his volume without increasing his losses enough to absorb the profit on the additional business. Of course it would be ideal if it were not necessary for the merchant to take these risks, but no community has a large enough group of those people who pay their obligations promptly for any one merchant to exist on them. Nor is it possible for one merchant to obtain all of their business. It is the goal of the credit bureau to assist the merchant in keeping his losses to a minimum on this type of business which competition forces him to accept.

Since the depression, I have had the opportunity of working as an inspector for one of the well-known reporting agencies and have had the privilege of supervising the extending of credit of one of the local wholesale houses. It has been my observation that the granter of credit's biggest problem has been in obtaining accurate information. During the last few months, we find few merchants locally who have taken bankruptcy or gone further in debt in spite of the recession in business and difficulty of effecting collections.

We have also had the handicap of wage reductions, closing of some of the coal mines, reduction in the personnel of the railroad, and a very unstable market in wool, one of our large sources of income. Our local credit bureau has cooperated very closely with our merchants in keeping them informed of the rapid changes that have taken place in our consumers' ability to meet their obligations and I feel that it has been a big factor in keeping our merchants from becoming insolvent.

The changes in business methods, previously mentioned, have come sooner than some of our smaller merchants have been able to adjust themselves. You, as managers of credit bureaus, have kept abreast of the changes, but you must also teach your members what changes they must make. Only recently a local merchant called me concerning a man who had given our place of business as a reference. He wanted my opinion as to whether or not a sales contract signed by his customer would be safe.

This man had been in town but a few months and made a meager living by selling produce from a truck. He is not well known, his income is doubtful and he is in a type of business that he could load all of his assets and possessions on his truck and leave town on an hour's

*An address before the 15th Annual Convention, Associated Credit Bureaus of Rocky Mountain States, Gallup, N. M., August 22, 1938.

notice. The customer wished to pay $5.00 down on a $50.00 radio and sign a sales contract for the balance with deferred payments.

My answer was obvious, but the merchant was considering the sale or he would not have called me. I imagine most of you have asked yourselves, "Will the merchant ever learn to make up his own mind in granting credit?" He will call the bureau and ask for their record of a prospective customer and then ask if he should grant him a line of credit.

It appears to me that what the average small town merchant wants is not a credit bureau to accumulate information, but a credit manager and adviser. Of course, the credit bureau should be more capable of approving credit for a prospective customer than the average business man as they have specialized in this type of work, but it is putting the bureau on the spot when they are asked to pass on the transaction as well as furnish the history of the prospect. Here, gentlemen, is an opportunity for your bureau to render a service—*teaching your merchants what a sound credit policy is.*

You are all faced with the big task of convincing your clients that the use of the credit bureau and its information is essential if credit losses are to be kept to a minimum. We had a very good example of this in our community during the past few months. A man had worked for several years at one of the local stores, which was doing a credit business. He had worked very closely with the owner in buying, granting of credit and collections.

The manager had permitted the accounts receivable to increase until they were about 50 per cent higher than their volume of business would permit. As a consequence, the store had so much of its capital tied up in frozen and inactive accounts that it was very difficult for them to meet their obligations.

The man mentioned, who was working at the store, decided to go into business for himself. He took his soldier's bonus, borrowed some money and purchased a store. At the time, he was fully aware that his financial structure would not permit him to do much credit business, and he was urged to join the local credit bureau so that they might assist him in keeping the losses to a minimum. He agreed thoroughly that this would be necessary and stated that was what he intended to do. He neglected to do this, however, and this, combined with some bad judgment regarding part of his merchandising, resulted in his only lasting about a year. After the store was liquidated at a loss to everyone concerned, it was found that about 60 per cent of his capital was tied up in accounts receivable, of which about 30 per cent were collectible.

On investigating, we found that he had used the local bureau for about thirty days and then decided that it was not necessary. This man had received a good object lesson at his previous place of employment for, as I have stated, this store had also become rather heavily involved due to unwise granting of credit. He had been thoroughly advised by both Mr. Clausner and myself as to the advisability of using the bureau, but no, he could get along without it and as a result is today working for the WPA. It is impossible to have a sound credit policy in a community until we train such merchants as this that they must use the bureau to keep their losses at a minimum.

We are all aware of the fact that the tendency of the buying public and merchandising is towards installment sales. One of the most apparent evils of this is the fact that the average consumer appears to be unable to determine when he has obligated himself beyond his ability to pay. Due to the consumer's inability to recognize the maximum possible obligation he can meet each month, it is more than ever essential that the merchants check closely with the bureau or they will be faced with a large number of repossessions.

I think you will all agree that installment selling of durable goods is profitable business, providing the purchaser has sufficient income to pay for the necessities of life as well as what he has purchased on the installment plan. I feel that installment payment plans have permitted the standard of living to be raised in the U. S., *but,* the consumers have mortgaged their incomes for months and even years. *In a great many instances, they will be unable to pay out.*

Many merchants feel that, because they have a conditional sales contract, it is not necessary that they call the credit bureau before making the sale. They overlook the fact that this particular party may be one who has had a number of repossessions, which are always expensive, and even at that time may have more monthly payments than his salary will permit him to meet. Thus, we find that, in the newer type of granting of credit, the credit bureau also has its place, just as much as, if not more, than under the old regime.

During 1937, the National Retail Credit Association asked its members: "What is the most important retail credit problem for the coming year?" 77.3 per cent of those answering stated *credit control* was the most important; by this they meant to control or curb the present day tendency toward longer and longer terms. Competition has eliminated exorbitant profits, which makes it more essential than ever that the merchant keep his losses to a minimum with the maximum amount of sales. In a survey made of 10,000 installment accounts, it was found that:

1. When no information was obtained concerning the length of employment, the odds were 3 to 1
2. When no information was obtained on length of residence, the odds were 6 to 1
3. When length of employment was under 6 months, the odds were 2 to 1

With the odds of these items alone being such as they are, I do not see where the merchant can expect to win without obtaining this information and the only reliable source is the credit bureau.

In conclusion, experience has proved that every community must have its business built on a sound credit policy, and the greatest asset toward a sound credit policy is the contribution made by the credit bureaus. This has been demonstrated in our own community.

Editor's Note: Reprints of this article can be furnished, in lots of 50 or more, at 1½ cents each, postpaid; lots of 200 or more, 1 cent each, postpaid.

How Local Associations Can Build National Membership

FALL is the best season for obtaining new members. Vacations are over—everyone is "pepped up" and looking for new business—and prospects are more easily interested in any plan to build good credit business and curtail credit losses.

This is an opportune time for local associations to put on membership campaigns—selling each prospect a National membership at the same time they sell him a local one. Because it tells the story so completely, we are reproducing (on this page) the first page of a four-page folder used by the San Antonio Retail Credit Association in soliciting new members. Text of the inside pages follows:

An Invitation

FOR MEMBERSHIP IN THE

San Antonio Retail Credit Association

IS HEREBY EXTENDED TO

FOR THE FOLLOWING REASONS:

YOUR MEMBERSHIP will be an asset to our Association.

YOUR MEMBERSHIP will benefit both, yourselves and us.

YOUR MEMBERSHIP will strengthen a sound Community Credit Policy.

YOUR MEMBERSHIP will benefit our State and National Association.

YOU will receive the "Credit World" and keep in touch with credit activities, National, State and Local.

YOU ARE invited to join the San Antonio Retail Credit Association whose existence is vital and necessary to you and all other firms carrying charge accounts.

As a non-member you have benefited from the constructive activities of the Association in strengthening the credit situation generally in the community.

So that this work may be continued and broadened, you are urged to become a member, and receive the full benefits to be derived.

Membership—

Any member of the San Antonio Retail Merchants' Association and in good standing is eligible to membership in the San Antonio Retail Credit Association, upon invitation.

Outstanding credit men and women of experience, representing our most progressive firms, constitute the membership.

Objects and Benefits—

To maintain a Community Credit Policy.

To foster and prompt concerted safe and sound policies and practices in an endeavor to strengthen the credit of the community, thus minimizing the credit losses.

To act as a medium through which uncertain accounts may be intimately discussed, thus often avoiding serious losses by reason of familiarity with an account on which information is not ordinarily available.

To supply prompt information regarding the passing of bad checks and stolen money orders and to cooperate with law enforcement officers in apprehending persons passing bad checks.

(Wholesalers and jobbers look with favor upon a retailer's membership in the Retail Credit Association.)

To aid collections generally and attempt to improve paying habits through "Prompt Pay" newspaper and radio advertising.

From information received only through the San Antonio Retail Credit Association, losses through fraudulent buying and bad checks can be held to a minimum.

The experiences of the best credit men and women are available for guidance to avoid the ever uncertain trial and error method.

Affiliation with State and National Credit Associations gives benefit of the broader experiences of the State and National membership. Monthly magazines are issued.

Credit and collection statistics obtained through National Association research are available for your guidance.

A series of collection letters, authorized by the Association on its own letterheads, is available at cost to members.

Cost—

The cost is nominal—only $12.00 per year.

The San Antonio Retail Credit Association is not a "Civic" organization; and, therefore, does not conflict with nor take the place of, any other organization membership.

Know personally the credit men and women who, with you, contribute to the credit files upon which you depend.

The text of the application form on the back cover follows:

Having learned the objects and purposes of the San Antonio Retail Credit Association and being a member in good standing of the San Antonio Retail Merchants' Association, I hereby apply for membership in the San Antonio Retail Credit Association, agreeing to pay the usual dues of $12.00 per year and to attend its regular meetings as often as convenient.

A dotted line is provided, at the bottom of this page, for the applicant's signature.

* * *

Here's a thought on selling memberships from Asa H. Speer, Jr., Credit Manager of Abe Klein's Inc., Corpus Christi, Texas, who was Membership Chairman of Texas' District 5 last year:

The most difficult angle in the job of selling memberships is finding the time necessary to visit the various prospects. If each member of your local credit granters' organization constitutes himself (or herself) a *separate* membership committee, and decides to get just one new member each year, in a very short time your organization will be thoroughly representative of the business firms of your community.

Along the Route of Our 1939 Convention Special

TRAVELERS to the National Convention of the National Retail Credit Association next June will traverse some of the most majestically scenic country on the American Continent. Particularly from Denver to San Francisco, every daylight hour will present a new panorama of grandeur.

Shown in the photographs below are (*upper left*) the portal of six-mile Moffat Tunnel under James Peak in Colorado; (*upper right*) Royal Gorge in the Colorado Rockies; and (*center*) Mormon Temple Square in Salt Lake City. The lower picture shows the Feather River Canyon through the Sierra Nevada Mountains.

The official route to the convention is via the Burlington Route's direct line to Denver, thence via the Denver & Rio Grande Western to Salt Lake City, and over the Western Pacific to the Golden Gate.

Leaving Denver, the Convention Special will head straight into the Colorado Rockies, spiraling up through foothills, across canyons, through tunnels, alongside dashing mountain streams. At the foot of towering James Peak, the train pauses a moment before plunging through the six-mile Moffat Tunnel under the Continental Divide, to emerge on the headwaters of the Colorado River.

Down the banks of the Colorado, the route leads through sheer Gore Canyon, amid forested canyons, beside cloud-piercing peaks to famed Glenwood Springs where a brief stopover is enjoyed in the very heart of the American Rockies.

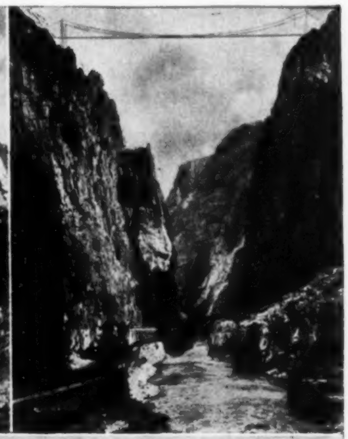
Leaving Glenwood Springs, the travelers pass through more miles of spectacular mountains, gradually emerging into the western Colorado and Utah plateau country with its sharp-cut buttes and brilliant colorings. Then the train rolls down into the Great Salt Lake Basin, past Utah Lake and precipitous Mount Timpanogas, through the Jordan Narrows and into picturesque Salt Lake City, whose wide streets, long blocks and impressive Mormon Church buildings make it one of the unique cities of America.

Reluctantly forsaking Salt Lake City, the rails of the Western Pacific lead past giant copper smelters, along the briny banks of Great Salt Lake and across the sparkling white Bonneville Salt Flats where Capt. George Eyston of England piloted his "Thunderbolt" nearly six miles a minute.

Thence, the route lies across Nevada with buttes and mountains forever in sight across the magnificent distances. Approaching and crossing the Nevada-California line, the train finds the headwaters of the Feather River and follows this remarkable course through the heart of the Sierra Nevada down to the Sacramento Valley. Many travelers rate this 100 miles as the most scenic rail trip in the world.

From Oroville, circled with orange and olive groves, the Western Pacific route lies through the fabulously fertile Sacramento Valley down to Sacramento, Stockton, and then through the Coast Range to emerge at Oakland on San Francisco Bay. As a grand climax to the trip comes the ferry trip across the bay, under the great new bridge and past Treasure Island, site of the San Francisco International Exposition.

Here, indeed, is a scenic rail trip without a peer anywhere in the world, a trip to be remembered and cherished a lifetime.



Ten Years of Legislative Work -- With Suggestions for the Future

By W. J. MORGAN

Credit Manager, Brooks Brothers, New York City; Chairman, National Legislative Committee

ON September 1, 1937, the National Retail Credit Association completed ten years of national legislative work. The first movement was to initiate a nation-wide survey of retail credit, which was approved by the Congress and placed in the hands of the Department of Commerce to develop reliable facts which might be used by retail merchants as guides for credit extension. The first survey was completed in June, 1929, with due acknowledgment made of the sponsorship of the National Retail Credit Association.

This report gave, for the first time, actual figures compiled from nation-wide sources: losses sustained from bad debts, percentages of total business done on a credit basis, collection ratios on accounts receivable, and other significant facts. Upon the completion of this first nation-wide survey giving statistics never before available, the National Retail Credit Association requested the continued collection of this extremely useful information regularly each year. The Government complied with this request by making semi-annual surveys for seven types of stores in twenty-five cities.

Surveys were made semi-annually until three years ago, when it was thought best to make an annual survey and to expand the amount of information gathered and the number of lines of business reporting. The change proved to be a decided advantage, as it was seen that, for purposes of comparison, the figures should be based on a full year's business. The cooperation between the Department of Commerce and the National Retail Credit Association in this work has been close and, on every occasion, has shown itself to be a happy and useful combination.

The survey now receives a wide distribution, and it has proved valuable, especially to banks and many lines in the wholesale field. It is hoped that with the constantly increasing interest of the members of the National Retail Credit Association, the survey can be further developed so that it may become the indispensable guide book of retail credit.

In 1930, the Congress was asked to change the Postal Laws so as to permit the return receipt for a registered letter or package to show the address at which delivery was made, as well as the addressee's signature. While other organizations were interested in this matter, the National Retail Credit Association took the leadership and, in 1931, the Postal Laws were amended to require the Department on payment of a certain fee to furnish the address at which registered mail was delivered.

This service has enabled retail merchants to obtain through the Post Office Department the correct addresses of their customers and has proved invaluable in locating debtors. It has happened that in some instances, this service has not been carried out properly, but whenever the matter has been brought to the attention of the Post Office Department, earnest effort has been made to rectify any omission. Should there be any reason for complaint that the information paid for has not been received, the facts should be given to the National Office or the Chairman of the Legislative Committee for investigation.

A revision of the National Bankruptcy Act to provide for the amortization of debts of wage-earners was given careful study for four years before a bill was submitted to Congress. A six-point bankruptcy program was worked out and a campaign of education carried on so that the members of the National Retail Credit Association might become familiar with the amount of the annual loss through individual bankruptcies and the steps necessary to combat this situation. Five of the six amendments to the National Bankruptcy Act, originally proposed by the National Retail Credit Association, were approved by the Department of Justice, to which the Judiciary Committee of the House of Representatives referred them.

The necessity for legislation for the relief of debt-harassed individuals was recognized in the Hastings-Michener Bill, which was introduced in the first session of the 72nd Congress. That bill contained a new chapter called "Provisions for the Relief of Debtors," which comprised a series of sections covering various types of debtor relief. Section 75 was entitled "Amortization of Debts," and dealt specifically with wage-earner relief. It was a short section, and in sketchy outline set up a simple procedure which permitted a wage-earner to amortize his debts by periodical payments over a period of time, not to exceed two years. The bill was never reported out of committee, but the new chapter furnished the pattern for a series of bills sponsored by the National Retail Credit Association, which followed soon thereafter.

With the enactment of Section 74 in 1933, some courts, notably the District Court in Birmingham, Alabama, endeavored to adapt the provisions of that section to settlements by wage earners. Section 74 afforded two advantages: First, it permitted the extension of secured debt, and second, it permitted the retention of jurisdiction by the court during the period of extension. However, this section still required that the debtor deposit in cash the cost of the proceedings, which included the commissions to the referee and trustee upon the full amount of the debts extended.

In many cases, these requirements would virtually render the benefits of the section unavailable to a wage-earner. Besides, since the average wage-earner case involved a very moderate amount of indebtedness, the costs of the proceedings were entirely disproportionate to such amount. In the Birmingham district particularly, the courts set up special machinery and adapted special practices and exceptions in wage-earner cases under Section 74.

In so doing, they had to strain the language and stretch the provisions of the section. The appellate courts disapproved of the practices and exceptions from Section 74, and it, therefore, became necessary to amend the National Bankruptcy Act to make these practices and exceptions legal.

The success of the Debtors' Court in the Birmingham district came to the attention of the Legislative Committee through Mr. Leo M. Karpeles. After a study of the results obtained in this Court, it was decided to ask the referee, the Hon. Valentine J. Nesbit, who was responsible for so much of the success of the Debtors' Court, to draft provisions which would conform to the procedure in Birmingham.

The Hon. Walter Chandler, a member of the House Judiciary Committee, Mr. R. P. Shealey, Washington Counsel of the National Retail Credit Association, and Judge Nesbit framed the bill which was introduced in Congress and became known as the Chandler Bill. It was thought best by the House Judiciary Committee to submit a single bill containing a general revision of the National Bankruptcy Act, rather than consider a number of separate bills, and the amortization bill sponsored by the National Retail Credit Association was therefore included in the General Bankruptcy Act as Chapter 13.

Certain provisions which have been found successful in Birmingham were omitted when the bill was included as a part of the General Bankruptcy Revision Act, and Washington Counsel, Mr. Shealey, earnestly sought to have these provisions restored. However, the bill without these provisions, but nevertheless containing most of the provisions desired by the National Retail Credit Association, was passed by the Senate on June 10. The bill will undoubtedly be approved by the President. During the discussion of the Chandler Bill in the Senate on June 10, Senator O'Mahoney paid a tribute to Judge Nesbit who, he said, was the most impressive witness at the hearings on the bill.

An amendment desired by Judge Nesbit, who has since passed away, was approved by the Senate. This amendment would require a statement that there was no usury in any financial transactions with the debtor and applies exclusively to claims filed by loan companies. Now that the Chandler Bill has been passed by both Houses of Congress and is certain to become a law, members of the National Retail Credit Association should become familiar with the provisions of the law and make use of it to cut down bad debt losses through bankruptcy. A study of the results obtained in the Debtors' Court in Birmingham will make it clear why so much effort was made by the Legislative Committee to secure the passage of the Chandler Bill. The Credit World will print a copy of the bill as passed and an explanation of its provisions.

With the passage of the Chandler Bill almost certain, the Legislative Committee, for some months past, has given consideration to the expansion of legislative work by turning its attention to State laws. Having in mind the wide diversions in State collection laws and procedure, it was thought this situation might be corrected by the introduction of carefully prepared statutes, where such statutes are necessary. The plan of the committee was set forth in a letter written on April 14, 1938, to the officers and directors of the National Retail Credit Association and some of its prominent members. The letter sent out was as follows:

"The National Retail Credit Association has been in legislative work nationally for ten years. Undoubtedly, it is important to have close contact with the departments in Washington, but aside from an amendment to the Postal Laws requiring the Post Office Department to furnish on request for a stated fee the address to which a registered letter is delivered and the Amortization Section of the Chandler Bill, nothing in the way of direct legislation has been accomplished. This of course is quite apart from the Retail Credit Survey.

"It now seems best to spread out the work of the Legislative Committee to obtain better results, and after giving considerable thought to the matter, it has been suggested that the Committee be enlarged, so that each district will be represented. The idea is to work up model statutes for introduction in the State Legislatures, and various lines might be covered.

For example, a bill containing all of the best features of the Chandler Bill, similar to the Wisconsin "Creditor's Actions" Statute; a bill properly regulating collection agencies, similar to the recent Wisconsin Statute; a bill to satisfy those persons interested in the regulation of installment sales; a bill revising present garnishment statutes; a bill setting up Small Claims Courts where none now exist, and others, as need arises, to safeguard the interests of retail credit.

"This whole matter will, of course, be submitted to the Convention in June. In the meantime, however, it is desired to get the opinions of the officers of the National Retail Credit Association and some of its prominent members. I shall appreciate it if you will kindly write me at your convenience and let me know what you think of the plan. Any suggestions you may care to make for the development of the idea, if you think well of it, will be greatly appreciated."

Sixty-five letters were mailed, and thirty-five replies were received, all favorable to the plan. Some of the letters contained valuable suggestions, and it is likely that the replies received will form the basis for an article in The Credit World in the near future.

The members of the National Retail Credit Association are urged to give consideration to the proposed extension of the activities of the Legislative Committee so that the work may get in full swing during the fall, if the plan meets with general approval.

Credit Department Letters

By Daniel J. Hannefin

IN THE last two issues we published inactive account letters which had been sent in by the customers themselves who accompanied them with glowing statements of appreciation.

That's one side of the story but there's another side—the ill will engendered by tactless collection letters and methods. For instance, here is another letter, from a customer in an Eastern state, which points a moral:

Our largest department store has had part of my business for 35 years—a charge account for 29 years. One of the national chains took it over and immediately put new men in the key jobs.

Now to the story: Last fall, I was compelled to take over the support of my wife's brother's family of five which, together with a son in college, pinched hard. My wife, verbally and in writing, arranged to stretch our account to ninety days and this is how the imported *experts* handled the account:

1. On March 13 (72 days), a letter—no harm. 2. About March 15—collector (first time in my life); 3. About March 20—telephone message given to a relative to be relayed to my wife, asking her to pay $13.22; 4. About March 21—I could find no one who gave a damn that I intended to close the account (of course I was sore); 5. About March 22—an old employee stopped me to tell me that he had been told to hold my business (really hated to refuse him); 6. About March 25—(6 days before expiration of credit extension) I paid and wrote in red ink on the dunning letter what I thought and the cashier refused to read or accept the letter but grabbed the $13.22!

Now I helped (years ago) to organize our local "Credit Service," was one of its first directors, and I believe, after thirty years of credit work, have learned something of credit psychology, but my own experience with these experts has me baffled. As a matter of fact, I could not get to the experts! They are encased in offices beyond the reach of a disgruntled customer. All the contacts are with girls who are not able to discern what should be done with an angry man, even though I was not as angry as I tried to appear.

Two locally owned stores, during the same period, thanked me when I finally paid them really substantial amounts, and one voluntarily suggested that I should not hesitate to use them again if circumstances warranted.

Now this letter will be just so much prattle unless it is read by some encased expert who may be tempted to occasionally find out what is going on *outside* his office.

Whatever your reactions to this letter, you will agree that it contains a lot of food for thought. By way of contrast, we refer you to the Cain-Sloan letter shown in Figure 1 on the next page. Also to the Schunemans and Mannheimers letter—Figure 4. This latter letter, while a collection letter, still carries a friendly spirit and it is one at which no one could take offense.

"This letter," writes Mr. F. H. Koch, the Credit Manager, "has produced excellent results when other methods have failed."

The letter in Figure 1 mentioned above is an excellent example of the good will building type of letter. Mr. H. L. Reagan, the Credit Manager, writes of it: "I am happy to say that we received many favorable comments from our customers. This letter was mailed to all of our good active and inactive charge accounts and created a lot of discussion. As a result, a large number of inactive accounts was reopened.

"It has always been our policy to mail at least two general letters each year, one in the early spring and one in the fall. In some instances, we have mailed letters to all of our good charge customers before Christmas to stimulate charge business for holiday purchases. Our results have been very gratifying. In addition to these letters, we solicit inactive accounts consistently through a series of three letters."

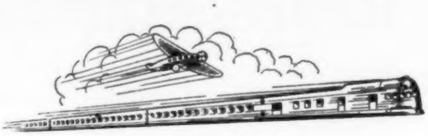
Rather unusual is the letter shown in Figure 2 which was sent to customers of the members of the Independent Grocers Association to notify them of the new carrying charge policy. Such group action is bound to be effective.

Cottrell's letter (Figure 3) is an unusually clever inactive account letter. This was sent in by Mr. C. M. Reed of Denver, with this comment: "The enclosed strikes me as being a rather clever idea."

We are deeply appreciative of the response of readers to our requests for samples of their good letters. Again we say to you, please feel free to send us your comments, criticisms or suggestions for the betterment of this department. We repeat: this is your department, make the most of it!

The Petroleum Refiners Division of the National Association of Credit Men will hold their annual conference at the Indianapolis Athletic Club, Indianapolis, Ind., October 24, 25 and 26.

Position Wanted



THE Cain-Sloan Company

August 21, 1935

①

You have contributed a large part to our progress!

Your participation has earned you something invaluable--an enviable credit record--one to which we point with pride.

It is true that in most credit departments such accounts as yours go unnoticed and seemingly unappreciated--those who are slow pay getting most of the attention. This should not be so. We want you to regard this expression as our sincere appreciation for having maintained a highly esteemed account.

Every indication points to real revival of business this Fall. If in the past you have bought sparingly, because of conditions, we suggest you buy now the things you have most longed for.

Use your Cain-Sloan charge account more freely!

Your continuous patronage is solicited and your charges are always accepted with a welcome.

Cordially yours,
THE CAIN-SLOAN COMPANY
H. L. Reagan
H. L. Reagan,
Credit Manager

HLR:M

LONGMONT NATIONAL BANK BLDG. TELEPHONE 76

THE INDEPENDENT GROCERS ASSOCIATION

Member of

THE LONGMONT CREDIT ASSOCIATION

C. D. SMITH, PRESIDENT — NOLAND R. FRY, SECRETARY — L. L. McLELLAN, VICE PRESIDENT

LONGMONT, COLORADO

②

Dear Friend:

Due to the change in Credit conditions throughout the country the local Independent Grocers have deemed it advisable to revise terms governing the extension of credit. This revision has come about due to the strict terms recently adopted by the wholesalers, who insist upon weekly settlement of our accounts.

We feel a special interest in the welfare of our customers and want to give them the benefit of our competitive cash prices, but this, of course, is possible only if accounts are paid in full promptly.

Therefore, beginning from this date, we are adopting "PAY-DAY TERMS". By pay-day terms, we mean that your account is due and payable in full upon the date you receive your salary, whether it be by the week, semi-monthly, or monthly as the case may be.

There will be a carrying charge of 2% per month on all balances not paid in the above manner. We do not want the carrying charge as we prefer very much to have the account paid in full cash pay day.

The Independent Grocers are cooperating to the fullest extent and no new account will be opened without first clearing the applicant's record through the local Credit Association.

Should you owe your grocer a past due balance, we would suggest that you contact him immediately so that satisfactory arrangements might be made.

Very truly yours,

THE INDEPENDENT GROCERS ASSOCIATION

BY: Noland R. Fry
SEC'Y

GEO P COTTRELL
PRESIDENT

H A RODECKER
VICE PRESIDENT

Wm E GLASS
SECRETARY

COTTRELL'S

The Man's Store

DENVER

TELEPHONE TABOR 5258

③

YOU'RE A BLUE RIBBON CUSTOMER, MR. REED...

Because of your
high credit standing
at Cottrell's...

...we look upon you as one of our highly prized "Blue Ribbon" customers.

And when a Blue Ribbon customer fails to make a purchase for as long a period as you have, we're anxious to know the reason why.

We've missed you and want you to consider this a friendly invitation to come in and use your charge account again soon. It will serve you well, especially at this season of the year.

We are ready with large showings of Timely, Hart, Schaffner & Marx and other nationally-known lines of Suits, Topcoats and Overcoats. Never before has Cottrell's featured such a wide variety of nationally-advertised merchandise: Arrow, Manhattan and Essley SHIRTS; HATS by Knox and Stetson; Cheney and Grayco TIES; Phoenix and Westminster HOSE...to mention just a few of the famous names represented in our stock.

Don't pass us by another day. Drop in, if only to say "hello." It will let us know you're still a friend of ours. We're anxious to welcome you back to Cottrell's.

Sincerely,

COTTRELL'S
Wm E Glass
Secretary

Wm.E.Glass/Z

SCHUNEMANS and MANNHEIMERS

A Retail Institution - - Established in 1871

TELEPHONE - - CEDAR 4060
SAINT PAUL, MINNESOTA

④

Will you do us a favor, please? Perhaps it has happened to you right in your own home. A good friend has stopped coming to see you from no apparent cause. You cannot imagine what has happened. You have tried to be fair with your friends and treat them as you would expect to be treated. But, anyway, your friend has stopped coming and it worries you.

This is exactly our predicament. We have written you repeatedly, but we don't hear of or see you. What can be wrong? We have tried to be fair and reasonable and cannot understand why you do not write and tell us what you can and will do about your long overdue account of $ It worries us!

Now, do us the favor. Please write on the back of this letter what is wrong and what you want us to do. For your convenience, we are enclosing a self-addressed envelope.

Thank you.

Very truly yours,

Credit Manager

Report of Washington Representative

R. PRESTON SHEALEY

Washington Representative, N.R.C.A., Colorado Building, Washington, D. C.

To the Officers, Directors and Members of the National Retail Credit Association:

1. Anti-Trust: The campaign of education in the matter of the *Consent Decree* and *Stipulation* was terminated as of May 28, 1937, but problems thereafter arose in Pennsylvania, Arkansas, Ohio, and Massachusetts and these problems were handled by the writer through the Department of Justice. While it is not considered desirable to refer in detail to these specific matters in this report, a quotation from a letter of the Department of Justice to a Pennsylvania member as of August 4, 1937, in answer to certain questions placed before the Department as to the application of the Consent Decree, would seem to be in order: "It is, therefore, suggested that you read the statement of the Washington Counsel of the Association, R. Preston Shealey, made at its Spokane Convention this year and printed in the July, 1937, issue of the magazine. This statement is entitled 'The A. B. C.'s of the Consent Decree' and should fully answer your questions, but if you have any doubt after reading it, it is suggested that you obtain copies of the petition, decree and stipulation from Association headquarters; and if necessary consult its officers and counsel, with whom questions similar to yours have been discussed many times by officials of the Department."

Other phases of the Consent Decree are within the jurisdiction of the special committee appointed at the Spokane Convention and headed by Mr. Leopold Meyer and are not considered in connection with this report.

2. Bankruptcy: The House of Representatives passed H. R. 8046, the general bankruptcy revision bill with Chapter XIII, devoted to Wage Earner Amortization, on August 10, 1937, and on Friday, June 10, 1938, the bill was passed by the Senate. This report is closed as of June 11, 1938, but even though Congress has not adjourned, the bill is reasonably sure of becoming a law at this session, notwithstanding that the Senate made certain changes which the House must pass upon.

It is true that the bill as passed, does not contain all of the provisions which the National Retail Credit Association, sponsor of the wage earner amortization chapter, felt should be in the bill to make it completely successful. However, even though such provisions are not in the bill, still actual operation may demonstrate that the bill, as passed, will work successfully.

The omitted provisions are said to have been opposed by automobile and personal finance companies, and others, and there was even opposition to the passage of any wage earner amortization amendment, so that, all in all, the National Retail Credit Association should be congratulated on the measure of success it has obtained. It is the first bankruptcy amendment ever to be passed, designed to afford the consumer time within which to pay his debts with freedom from garnishment without resorting to bankruptcy. It has been estimated that it will salvage for retail merchants in the neighborhood of 25 million dollars annually.

The writer desires to record the active cooperation and efforts to obtain a satisfactory amortization provision on the part of the American Retail Federation and its officers, Dr. David R. Craig, President; Captain Paul Kelly, executive assistant; and Mr. Arthur Sturgis, Jr., economist, as well as many members of the National Retail Credit Association, too numerous to list in the limited scope of this report.

At the hearing before the Senate Judiciary Committee on January 19, 1938, the late Valentine J. Nesbit of Birmingham and the writer appeared and asked the Senate to restore to the bill the provisions referred to. While, as stated, this was not done, a record has been made upon which revision of the measure can be successfully urged at the next Congress if experience shows these amendments to be necessary.

To the end that careful attention should be given to the actual operation of Chapter XIII in the various sections of the country, the writer recommends that legislative committees of state and city associations should study at once the provisions of Chapter XIII and arrange to cooperate with their referees in bankruptcy and the United States District Courts in the administration of the act. The information gained in this way will be invaluable should it be necessary to ask changes in Chapter XIII. Comments from time to time as to its operation should be transmitted to National headquarters at St. Louis with copies of such comments to the Washington N.R.C.A. office.

3. Collection Laws and Procedure: The joint survey of the National Retail Credit Association and the American Retail Federation of state collection laws and procedure, has developed interest to the point that organization of a movement to bring some degree of uniformity into such laws is indicated. A summary of the results of the survey is shortly to be published in pamphlet form under the sponsorship of the two organizations.

Delay in returning completed questionnaires has prevented the presentation to the Pittsburgh Convention of the summary, but from charts based upon reports from forty-seven of the forty-eight states and from the District of Columbia, it is apparent that not only is there a wide divergence in state collection laws and procedure, but also complaints from some states as to existing laws. Connecticut is an illustration in point where the then existing garnishment law was repealed in March, 1937, and a new law enacted. This new law is said to be very unsatisfactory and unscrupulous debtors are said to be taking full advantage of it. The pamphlet summary will invite comments, the answers to which will indicate what further steps will be taken and in what manner.

One of the survey questions was devoted to state and municipal employee garnishment laws. Data received indicate that such laws exist in the following states:

Arizona, California, Colorado, Indiana, Kansas, Kentucky, Maine, Michigan, Minnesota, Mississippi, Montana, Nebraska, Nevada, New Mexico, New York, Ohio, Oklahoma, Oregon, South Dakota, Tennessee, Utah, Virginia, Washington, Wisconsin, and Wyoming. When a drive is made at the next session of Congress to bring about a Federal garnishment law which an increasing number of retail credit granters indicate is desirable and necessary, this information will be valuable. Vice-President Karpeles and the writer endeavored to interest several congressmen (at this session) to become sponsors of a Federal garnishment law but with congressmen up for reelection, it became apparent that the present session was not an appropriate time to bring this issue to the fore.

However, since the collection laws and procedure survey has interested several national organizations of retail merchants, such as the American Retail Federation and the National Retail Dry Goods Association, as well as N.R.C.A. membership, it would appear that concerted and cooperative effort can be enlisted in support of a drive for enactment of a Federal garnishment measure, as well as uniform collection laws and procedure.

4. The Washington Bulletin: Requests have been received for a revival of the Washington bulletin in The Credit World or, as a corollary, a regular Washington service on credit problems. The latter is the more desirable but would entail greater expense. With a view to lessening the expense and increasing the value of such a service, the writer has had conferences with bankers, wholesale and retail credit men, certified public accountants, and public officials, and as a result, believes that a cooperative clearance service embracing the Washington end of problems concerning administration of credit can be established with the support of national organizations of the groups mentioned. Present day Washington information services are not considered adequate because they do not furnish complete information in succinct form upon such problems nor sufficiently in time to prevent unwise or unsound policies from becoming public and seized upon by agitators for their own personal interest.

It is, therefore, recommended that this matter be referred to either the N.R.C.A. Legislative Committee or to a special committee appointed for this purpose, with instructions to consider the problem and, if deemed desirable, to confer with representatives of the groups mentioned, to the end that a cooperative credit clearance service of the type described, may be organized.

5. Mail: Faced with a decrease in the national income, it was not possible to convince either postal officials or Congress at this session of the wisdom of making universal the two-cent rate for first-class mail. The N.R.C.A. mail survey of last April and May culminated in a brief presented by the National Council of Business Mail Users to the Post Office Department in August as to a number of phases of the mail situation including making universal the two-cent rate for first-class mail. Postal authorities are said to have opposed it upon the ground that it would increase the deficit and that attitude has been reflected in the failure of Congress to legislate on the subject. However, the matter has not been dropped and the period of adjournment of this Congress and the convening of the next, will serve to promote an effort to induce the postal authorities to make a survey in cooperation with postal groups that will determine definitely whether or not use of two-cent mail for first-class service will absorb any such suggested deficit.

The June issue of The Credit World calls attention of N.R.C.A. members to 275,000 registered letters with return addresses requested going through the mail annually. Some complaint has been made that this service is not as effective as it might be, due to the regulations of the Post Office Department. The Credit World has called this situation to the attention of members and is inviting comments. It would seem, however, that the figures given amply demonstrate the value of this service, placed upon the statute books through the effort of the N.R.C.A., to retail merchants, and that a vast number of accounts are being salvaged through the use of this service. It should be strengthened, however, whenever and wherever possible.

6. Retail Credit Survey: The retail credit survey questionnaire (and a supplementary questionnaire on installment selling) was sent out by the Department of Commerce in two lots; the first, about January 5, 1938 and the second about February 2, 1938, the latter being sent to department stores and the like at the close of their fiscal year. The survey this year eliminated downpayments as a part of collections. From reports received, the change has improved the survey. An analysis of both the answers on the retail credit survey and on the supplementary installment selling schedule will be ready around the first of July. The number of those reporting is not as large as in the past year, but this is explained by the number of reports required not only by the Federal government, but also by state and city units. Many of the latter are compulsory and as a result, voluntary surveys, such as the retail credit survey, suffer. The N. R. C. A. and its Washington office have cooperated in the present survey as in past years.

7. Installment Sales Surveys: The Washington office, in cooperation with Baltimore and Washington N. R. C. A. members, American Retail Federation officials, and officials of the Department of Commerce, held a series of conferences in February, March, and April, on a proposed installment study. As a result, a rough draft of a proposed study was forwarded to the St. Louis office in May. Copy is in the hands of the Secretary. If the Association so desires, this study can be made between July 1st and December 31st, in cooperation not only with the Department of Commerce, but with the American Retail Federation.

8. General: There have been so many matters of a more or less general nature brought to the attention of the writer throughout the year, that it is impossible to detail them in the short space of this report. Many officers and members of the National Retail Credit Association have cooperated in the Washington work and the writer takes this occasion to thank them for their counsel and assistance.

Respectfully submitted,
R. Preston Shealey,
Washington Counsel.

June 10, 1938.

Credit News Flashes--
Personal and Otherwise

Passing of Albert Steiger

Albert Steiger, 78, President of the Albert Steiger Company, one of the leading stores in Springfield, Mass., died September 9 at his summer home in Springfield.

An immigrant to this country from Germany, he started working at the age of 13 after three years in this country. During this time his father, grandfather, uncle and brother had died.

In addition to the Springfield store, he owned (at the time of his death) stores in Hartford, Conn., and Holyoke, Mass. The story of his career is a real "success-story." At one time the annual business of his chain of stores in New England and Western New York was estimated at $25,000,000. However, he consolidated his holdings in recent years, operating only the three stores mentioned above.

Last May he was singled out to receive the Pynchon Medal, given annually to residents of Springfield who have done meritorious service.

In addition to being president of the companies which ran his stores, he was a director of the American Dry Goods Company and was also on the directorates of banks and real estate firms.

Mr. Steiger was noted for his benefactions and for his intense interest in civic affairs.

Death of Mrs. Julius Baer

Mrs. Freda A. Baer, wife of Julius A. Baer, Chairman of the Board of Stix, Baer & Fuller, St. Louis department store, died September 21 at Barnes Hospital in St. Louis.

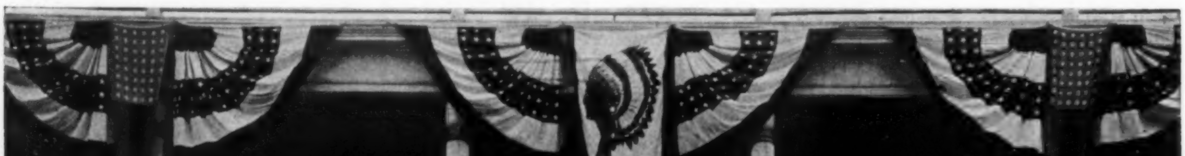
In addition to her husband, she is survived by her son, Arthur B. Baer, President of the department store, her mother, Mrs. Fannie Adler, and a sister and two brothers.

* * *

New Orleans Credit Women Organize

The credit women of New Orleans, who previously formed a group of the Retail Credit Association of New Orleans, on July 28 organized the Credit Women's Breakfast Club of New Orleans. At the same time, they became affiliated with the Credit Women's Breakfast Clubs of North America. The names of the first officers and directors follow:

President, Miss Hilda Iverson, New Orleans Public Service, Inc.; Vice-President, Miss Anna Taylor, Marks-Isaacs Co.; Secretary, Miss Margaret Ross, Retail Credit Bureau of New Orleans; and Treasurer, Miss Nelda Burger, Retail Credit Bureau of New Orleans. Directors: Miss Julia J. Beer; Miss Lydia Kreider, Miss Kate Northern; Miss M. Yolande du Montier; Miss Birdie Pailet; Mrs. Loyola Kuhnell.



Delegates to the Fifteenth Annual Convention of the Rocky Mountain States Credit Bureaus, Gallup, N. M., August 21-23, 1938. The Indians shown were guests from the Eighteenth Inter-Tribal Ceremonies held at Gallup at the same time.

Another Letter About the Credit Course

The following letter from J. Gordon Ross, Past President of this Association, is self-explanatory:

"It is gratifying to me to learn that the new study course based upon the book, *Retail Credit Fundamentals,* is now ready. I anticipate that as local credit groups become familiar with the value of this course, the demand will be greater than ever existed for any similar study.

"Dr. Clyde William Phelps, the author of the book, communicated with me frequently during the past year and he very kindly sent to me each chapter as it was completed. I was impressed with the thoroughness with which he had studied each phase of retail credit management.

"The book presents the most modern and complete story of retail credit that it has been my privilege to see, and it is written in a manner which makes it easy to read and understand. Not only has Dr. Phelps given exhaustive information concerning the protective features of credit sales management, but he has given deserved consideration to the promotion of sales and the development of public relations by the credit department.

"I feel that we have been most fortunate in having Dr. Phelps write this book for us, and that we are likewise indebted to the members of our Educational Committee and to the other credit executives who contributed to its contents."

We Review Some Books

SMOOTH SAILING LETTERS (*Prentice-Hall, Inc., New York City, 172 pp., $2.00*) written by L. E. Frailey, is a breezy yet serious-minded book on letters. In it Mr. Frailey tries to "kid" or shame old-fashioned letter-writers out of the use of trite, bromidic phrases (of the vintage of 1808) in modern letters.

How well he has done this is evidenced by these sample chapter headings:

"Throw Away Those Rubber Stamps." "Grandpa, Where Do You Put Your Beard?" "Fine Feathers Make Fine Birds." "A Pint of Molasses or a Barrel of Vinegar?"

Your reviewer got a "kick" out of reading Mr. Frailey's book and recommends it as a tonic for tired letter-writers.

* * *

INSTALLMENT CREDITS AND COLLECTIONS—by Griffin and Greene (*Prentice-Hall, Inc.; New York City, 326 pp. $5.00*). This is a book that will prove invaluable to anyone dealing with installment credit and collections. Of especial value is the chapter titled, "Letters that Have Collected the Money," with actual samples shown. Another feature especially valuable, is an appendix containing a digest of the laws of various states on contracts of conditional sales and chattel mortgages.

* * *

RETAIL CREDIT FUNDAMENTALS by Dr. Clyde William Phelps (*National Retail Credit Association, St. Louis, 336 pp., $4.00*). This is the last word in books on retail credit, being written expressly for use of this Association's credit classes. (*See ad on back cover of this issue.*)

Another Credit Women's Club

Fifty-seven enthusiastic girls held a dinner meeting in Des Moines, Iowa, September 13 and under the able leadership of Oda Wyland, Credit Manager of the American Institute of Business, organized the Des Moines Credit Women's Breakfast Club.

Several of the officers of the Retail Credit Association of Des Moines gave short talks, which were followed by a discussion of Breakfast Club activities by Miss Lily Person of Minneapolis, President of the Sixth District Council of Breakfast Clubs. The election of officers will be held at a dinner meeting, October 11.

* * *

Barker New Credit Head At Thalhimer's

S. H. Barker has been appointed Credit Manager of Thalhimer Bros., Richmond, Va., succeeding W. J. Hopkins who will continue with the Collection Division of the Credit Department. For the last three years he was Credit Manager of Berry-Burk Co., Richmond.

Meade B. Norman succeeds him at Berry-Burk Co. Mr. Norman has been with this firm several years.

Positions Wanted

CREDIT-COLLECTION MANAGER—age 34, 14 years' experience large metropolitan specialty stores, desires new position. Will go anywhere. Best references. Address Box 101, CREDIT WORLD.

* * *

CREDIT AND COLLECTION MANAGER: Ten years' experience in open and installment accounts. Age 30, college education. Familiar with investigating, checking and interviewing, as well as correspondence. Excellent references. Salary secondary. New York metropolitan area *only*. Address Box 102, CREDIT WORLD.

* * *

A Boost for *Credit World*

"I have definite proof that The CREDIT WORLD is being read throughout the country. Already I have had more than a dozen requests for mimeographed copies of some of our ads mentioned in my article, 'Improving Credit Conditions Through Newspaper Advertising,' published in the September issue.'

"In response to each request, we have mailed copies of six ads."—JOHN K. ALTHAUS, Secretary-Treasurer, Associated Retail Credit Men of Washington, D. C., Inc.

The Importance of *Properly Reading* A Credit Report

(*Continued from page* 3.)

credit, and unfortunately not enough stress has been given to this item to bring this important part of the credit structure to the foreground. If the debtor keeps this desire to meet his obligations promptly always before him, and his record shows that he has paid reasonably promptly, we have one of the most satisfactory accounts.

I have discussed only one of the three important readings of a Credit Report, because the other three, name, address, and reference, are usually taken by the interviewer in taking the application.

I would like to learn from other credit granters how they would read the above mentioned part of a credit report; and, also, have them explain their readings of the address and reference part of the credit report. We might even bring out "What is Missing" (if anything) in a complete credit report; and, also, be able to give more detailed information to the credit bureau to file with their records if we have a frank discussion of the "Reading of a Credit Report" in The CREDIT WORLD and consider the fine points brought out by these articles as they apply to our particular business.

Retail Credit in Australia

(*Continued from page* 15.)

a. The person wishing to purchase goods, obtains a cash order from a cash order or finance company. This order entitles him to purchase goods to the value of the amount stated in the order. In other words, he has obtained credit to that amount.

b. The holder of the order may then purchase his requirements from those firms which are willing to accept the order in payment.

c. The holder of the order pays the cash order company 1/- in the £ (5 per cent) for the accommodation and pays the balance by twenty equal weekly payments.

d. The firm which honors the cash order obtains payment for its goods from the Cash Order Company, but has to allow that company a discount of 10 per cent and, in some cases, even as much as 12½ per cent.

The Short-Term Controlled Credit System

This is comparatively a new retail credit scheme, and exploits a credit system which is a combination of hire-purchase and cash-order systems. Under the short-term system, customers are allowed to buy on credit and pay for each purchase over twenty weeks. An approved credit limit is arranged with each customer so that as payments are made reducing the amount owing, other purchases may be made. Each customer is usually required to prove his *bona-fides* as a credit risk up to the required limit. Under the short-term policy the right to repossess the goods may be exercised in the event of default by the buyer.

It is claimed that under this system the payment of the purchase price will be achieved over a short term, thus enabling the supplier to use the money so paid to finance other sales. It is also claimed that by creating a credit limit for each customer a regular turnover will be established.

How the Jacksonville Association Raises Funds To Defray Expenses of Convention Delegates

By CHARLES E. MOORMAN
Secretary, Retail Credit Men's Association, Inc., Jacksonville, Fla.

I AM pleased to give you briefly our method of raising funds for defraying expenses of delegates to the National Convention. Our primary source of income for this purpose is from an annual dance, for which we usually sell four to six hundred tickets at $1.00 per person.

A strong committee is formed of twenty-six to thirty credit managers; this committee is divided into teams of "twos" and the membership of the credit bureau is divided equally among the fourteen or fifteen teams. Of course, those concerns who have shown in the past that there is no chance to interest them in tickets are eliminated and only reasonably live prospects are distributed. Some of the concerns buy as high as forty tickets; such firms usually buy one ticket for each of their employees and then the employees buy one themselves for their wives or sweethearts.

The teams call on their prospects, about eight or ten to a team, and urge them to at least buy tickets for their credit department personnel and the team workers suggest a number or an allotment of tickets, which it is hoped the member will buy. For instance, we suggest to a department store like Cohen Brothers, that we would like for them to buy twenty tickets, which they distribute to such employees as they would like to have attend the dance.

Usually those employees will buy other tickets for friends, wives or sweethearts, or someone whom they want to go and sit at their table. Their credit manager orders such additional tickets as are required and he collects.

We have the member sign a reservation card for a certain number of tickets. This card suggests that they may pay in advance or that the tickets may be charged on their regular statement from the credit bureau. We find that many firms will buy two or four tickets even though they have no idea of having anyone attend the dance.

We also assign a block of one hundred tickets to the Credit Women's Breakfast Club, which tickets they distribute among their members to be sold to friends or "outsiders." The Breakfast Club members are requested not to solicit the firms by whom they are employed so they will not interfere with the work of the teams who call on the various firms. During the two years that the Credit Women's Breakfast Club has been in existence they have sold more tickets than were allotted to them.

The Credit Bureau makes an appropriation, varying from $175.00 to $250.00, depending upon the expense of the dance. In the past their minimum contribution has been $175.00 and the maximum $250.00. This contribution allows the entire proceeds from the sale of the tickets to be net profit. The reason the Credit Association makes this contribution is because in former years it was customary for the association to have an annual banquet, which usually cost the association $200.00 to $250.00, and it was decided to discontinue the banquet and have the dance instead. The smallest number of tickets sold any year was four hundred thirty-two.

In addition to the proceeds from the dance, the net proceeds from the sale of collection letters is included in the Convention Fund. I suppose this will amount to $175.00 to $200.00 per year. The collection letters are sold to members of the Credit Association at $5.00 and $7.50 per hundred with envelopes furnished; the price is governed by quantity. However, no one buys collection letters for less than 5c each.

We have also sold stickers, inserts, etc., put out by the National Association, on which we have made a small profit; this has also gone into the Convention Fund.

The method of selecting delegates is as follows: The proposed delegate must be a member of the Retail Credit Men's Association and must be regarded as performing the functions of a credit manager. He, or she, must have contributed to the fund by the purchase or sale of tickets to the dance.

The money available at the time of the Convention is divided equally among the delegates elected, up to a maximum of the round trip railroad and pullman fare; in other words, the round trip railroad and pullman fare is as much as any delegate is allowed, regardless of how much money may be available. On the other hand, if ten delegates should be elected and only $500.00 was available, and the railroad fare to the convention city was $75.00, the delegates would receive only $50.00 each.

We use this method in an effort to eliminate politics, etc., and to give everyone an equal share. Also, to preclude the chance of the most popular credit manager being elected.

This year six delegates were elected from the Credit Association; however, only five actually attended the convention. The Credit Women's Breakfast Club elected three delegates and paid their round trip railroad fares out of funds of their own and there were three other Breakfast Clubbers who paid their own expenses.

I do not participate in the Convention Fund; the Credit Bureau pays my expenses.

The President of the Association and the General Chairman of the Convention Fund committee are automatically elected as delegates, if funds for only two delegates are available.

We usually hold the dance on Saturday night because that gives everyone an opportunity to recuperate by Monday and causes no criticism from the stores about their employees being incapacitated during working hours on account of the dance. We, of course, have an orchestra and also a floor show, which usually cost us around $75.00 and we have a drawing of three or four prizes, which are bought from a member at cost, out of the convention fund.

We did, in former years, ask the members to donate prizes and sometimes awarded as high as twenty-five prizes at a drawing. We discontinued this because we felt that it was enough to ask the members to buy an allotment of tickets; however, I see nothing wrong with the practice.

Three New "Pay Promptly" Inserts

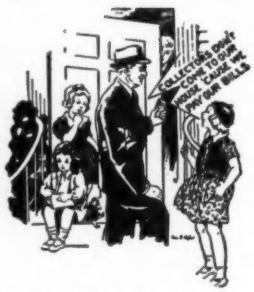
(Reproductions of our "Pay Promptly" Ads)

Can be used as statement enclosures; also with collection letters. Actual size, 4¼" × 6¼"; furnished folded to 4¼" × 3⅛" (as shown below) to fit statement envelopes.

Their use is recommended to members of local associations now using our "Pay Promptly" ads. Use them as a *direct "tie-up"* with the ads.

Price, $2.50 per thousand, postpaid.

Prompt Payment of Bills Prevents "Q. C."*



*"Q. C." - Questionable Credit - - is caused by laxity in paying bills. Avoid it!

Use Your Credit Judiciously
Buy Prudently--Pay Promptly

PAYING bills is a matter of promptness—and understanding—just as much as it is of honesty. For most people are honest, but many are careless.

They neglect payment of their bills and unwittingly build a reputation for "Q. C."—Questionable Credit—with all its recurring embarrassments: phone calls, collectors' calls, neighbors' gossip.

Merchants and professional men are glad to extend the convenience of credit to their patrons. But they expect to be paid, just as they must pay their own bills, according to agreement.

Phone calls and collectors' calls cost them money—needless expense to collect what is due them. That's why they welcome the patronage of those who pay promptly!

Safeguard your credit! Pay all bills by the 10th--or promptly as agreed.

MEMBER

Your Credit Record Is An Open Book

Friends Talk About "Q.C."* Too!

"Q. C." means Questionable Credit. The result of failure to pay bills promptly — as agreed.

CREDIT is a privilege—a convenience—extended upon the merchant's or professional man's confidence that when bills are rendered, they will be paid promptly, according to terms or agreement.

Pay each bill promptly and you establish a "Prompt Pay" record in the files of the Credit Bureau which, like money in the bank, will grow in value. For promptness in paying makes your credit good—*and keeps it good!*

But—failure to pay bills on time, through neglect or carelessness, can only establish a reputation for Questionable Credit ("Q. C.") and cause embarrassment—to your creditor just as much as to you. For no one likes asking for payment—even when it's past due.

The remedy for "Q. C." is simple: Bills are due on the first of the month following purchase and past due after the 10th.

Safeguard your credit! Pay all bills by the 10th—or promptly as agreed.

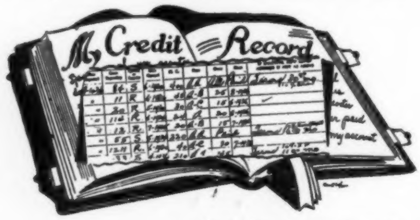
MEMBER

TREAT YOUR CREDIT AS A SACRED TRUST

National Retail Credit Association
EXECUTIVE OFFICES — SAINT LOUIS

©1937 NATIONAL RETAIL CREDIT ASSOCIATION — PRINTED IN U. S. A.

Your Credit Record Is An Open Book



And You Are The Author!

By the Way You Pay, You Write Your Own Record on a Little Card In the Files of the Credit Bureau.

YOUR credit record is of your own making. The Credit Bureau only *keeps* the record! Shown in the inset above is an actual credit record (with the customer's name and address omitted). It shows how that customer has paid his accounts—as *truly as if he had written the record in his own book!*

Millions of records like this, in the files of the credit bureaus of the United States and Canada, form the basis of credit reports—used by creditors and employers to judge the trustworthiness of individuals.

Prompt Payments Make a Good Credit Record—And Keep It "O. K."

MEMBER

TREAT YOUR CREDIT AS A SACRED TRUST

National Retail Credit Association
EXECUTIVE OFFICES — SAINT LOUIS

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NATIONAL RETAIL CREDIT ASSOCIATION

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